ANNUAL STATEMENT

OF THE

THE OHIO CASUALTY INSURANCE COMPANY

of FAIRFIELD

in the state of OHIO

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2010

PROPERTY AND CASUALTY

2010

PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

24074201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

The Ohio Casualty Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 24074 **Employer's ID Number** 31-0396250

Organized under the Laws of Ohio **, State of Domicile or Port of Entry** Ohio

Country of Domicile United States of America

Incorporated/Organized: November 6, 1919 **Commenced Business** March 1, 1920

Statutory Home Office 9450 Seward Road (Street and Number), Fairfield, OH 45014 (City or Town, State and Zip Code)

Main Administrative Office: 9450 Seward Road (Street and Number)

Fairfield, OH 45014 (City or Town, State and Zip Code) 513-603-2400 (Area Code) (Telephone Number)

Mail Address: 175 Berkeley Street (Street and Number or P.O. Box), Boston, MA 02116 (City or Town, State and Zip Code)

Primary Location of Books and Records: 175 Berkeley Street (Street and Number) Boston, MA 02116 (City or Town, State and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

Internet Web Site Address www.lmac.com

Statutory Statement Contact: Pamela Heenan (Name) 617-357-9500 x44689 (Area Code) (Telephone Number) (Extension)

Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board

Gary Richard Gregg

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

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

Subscribed and sworn to (or affirmed) before me on this
31st day of January , 2011, by

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	3,098,177,633		3,098,177,633	3,530,250,767
2. Stocks (Schedule D):				
2.1 Preferred stocks	11,431,980		11,431,980	42,321,732
2.2 Common stocks	479,829,336		479,829,336	324,573,836
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	109,898,585		109,898,585	95,958,941
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	29,521,876		29,521,876	22,877,333
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 12,862,992, Schedule E - Part 1), cash equivalents ($ 14,354,177, Schedule E - Part 2), and short-term investments ($ 112,638,376, Schedule DA)	139,855,545		139,855,545	304,286,770
6. Contract loans (including $ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)	1,496,111		1,496,111	3,503,635
9. Receivables for securities	783,087		783,087	3,524
10. Securities lending reinvested collateral assets	23,423,942		23,423,942	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,894,418,095		3,894,418,095	4,323,776,538
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	39,393,065		39,393,065	44,681,606
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	82,066,257	8,834,761	73,231,496	80,823,397
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (5,124,315) earned but unbilled premiums)	588,979,421	13,658	588,965,763	573,885,732
15.3 Accrued retrospective premiums	2,076,131	207,316	1,868,815	3,331,257
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	18,733,074		18,733,074	14,200,483
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	198,389,330	31,610,163	166,779,167	170,911,400
19. Guaranty funds receivable or on deposit	3,446,953		3,446,953	3,776,800
20. Electronic data processing equipment and software	2,710,304	2,119,620	590,684	619,313
21. Furniture and equipment, including health care delivery assets ($ 0)	204,124	204,124		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	33,320,453		33,320,453	41,834,825
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	24,048,220	2,758,596	21,289,624	19,362,780
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,887,785,427	45,748,238	4,842,037,189	5,277,204,131
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	4,887,785,427	45,748,238	4,842,037,189	5,277,204,131

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	11,859,095		11,859,095	11,560,384
2502. Other assets	6,792,721	2,758,596	4,034,125	2,959,629
2503. Equities and deposits in pools and associations	5,396,404		5,396,404	4,842,767
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	24,048,220	2,758,596	21,289,624	19,362,780

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	1,821,831,326	1,917,660,827
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	122,240,171	123,630,282
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	406,608,066	456,561,292
4.	Commissions payable, contingent commissions and other similar charges	55,026,231	54,340,596
5.	Other expenses (excluding taxes, licenses and fees)	16,236,073	64,934,634
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	18,402,260	19,555,545
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	6,430,493	54,849,695
7.2	Net deferred tax liability		
8.	Borrowed money $ 0 and interest thereon $ 0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 181,842,678 and including warranty reserves of $ 0)	990,044,170	938,631,360
10.	Advance premium	6,710,202	6,681,252
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	191,221	1,731,955
12.	Ceded reinsurance premiums payable (net of ceding commissions)	21,720,608	24,425,143
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	1,232,561	(584,981)
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	66,774,958	67,032,896
19.	Payable to parent, subsidiaries and affiliates	116,469,643	19,041,613
20.	Derivatives		
21.	Payable for securities	10,433,125	31,054,690
22.	Payable for securities lending	23,423,942	
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	41,107,426	161,485,646
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	3,724,882,476	3,941,032,445
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	3,724,882,476	3,941,032,445
29.	Aggregate write-ins for special surplus funds	35,452,351	32,595,113
30.	Common capital stock	4,500,000	4,500,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	532,278,647	502,278,647
35.	Unassigned funds (surplus)	544,923,715	796,797,926
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		
	36.2 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,117,154,713	1,336,171,686
38.	Totals (Page 2, Line 28, Col. 3)	4,842,037,189	5,277,204,131

	DETAILS OF WRITE-IN LINES		
2501.	Retroactive reinsurance reserves	19,461,813	18,373,966
2502.	Other liabilities	16,748,557	21,246,334
2503.	Accrued return retrospective premiums	2,483,533	2,530,803
2598.	Summary of remaining write-ins for Line 25 from overflow page	2,413,523	119,334,543
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	41,107,426	161,485,646
2901.	SSAP 10R incremental change	31,040,037	28,528,164
2902.	Special surplus from retroactive reinsurance	4,412,314	4,066,949
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	35,452,351	32,595,113
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	2,104,092,719	2,137,212,088
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	1,178,944,073	1,083,890,038
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	248,390,837	253,751,281
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	707,104,975	709,478,529
5.	Aggregate write-ins for underwriting deductions	(115,099)	333,423
6.	Total underwriting deductions (Lines 2 through 5)	2,134,324,786	2,047,453,271
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(30,232,067)	89,758,817
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	170,629,067	182,531,918
10.	Net realized capital gains (losses) less capital gains tax of $ 29,288,538 (Exhibit of Capital Gains (Losses))	54,392,999	(201,477)
11.	Net investment gain (loss) (Lines 9 + 10)	225,022,066	182,330,441
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 122,782 amount charged off $ 8,963,924)	(8,841,142)	(9,460,301)
13.	Finance and service charges not included in premiums	18,566,674	18,221,295
14.	Aggregate write-ins for miscellaneous income	(26,822,622)	(12,050,694)
15.	Total other income (Lines 12 through 14)	(17,097,090)	(3,289,700)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	177,692,909	268,799,558
17.	Dividends to policyholders	(718,951)	9,144,297
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	178,411,860	259,655,261
19.	Federal and foreign income taxes incurred	13,743,662	62,522,399
20.	Net income (Line 18 minus Line 19) (to Line 22)	164,668,198	197,132,862
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,336,171,686	1,035,405,036
22.	Net income (from Line 20)	164,668,198	197,132,862
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (10,076,289)	(6,750,435)	31,959,245
25.	Change in net unrealized foreign exchange capital gain (loss)	657,335	
26.	Change in net deferred income tax	(21,312,229)	(57,877,699)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	12,448,655	98,213,317
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		2,220,836
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in	30,000,000	
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(400,000,000)	(5,000,000)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	1,271,503	34,118,089
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(219,016,973)	300,766,650
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,117,154,713	1,336,171,686

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	(115,099)	333,423
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 05 from overflow page		
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	(115,099)	333,423
1401.	Other income/(expenses)	(766,156)	(11,775,154)
1402.	Retroactive reinsurance gain/(loss)	(26,056,466)	(275,540)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(26,822,622)	(12,050,694)
3701.	SSAP 10R incremental change	2,511,873	28,528,164
3702.	Other changes in surplus	(1,240,370)	5,589,925
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	1,271,503	34,118,089

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	2,151,543,742	2,179,629,793
2.	Net investment income	187,070,084	191,237,020
3.	Miscellaneous income	(28,303,329)	16,287,629
4.	Total (Lines 1 through 3)	2,310,310,497	2,387,154,442
5.	Benefit and loss related payments	1,280,954,214	1,088,301,336
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	1,054,144,026	992,060,349
8.	Dividends paid to policyholders	821,783	8,633,098
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	91,451,402	91,608,359
10.	Total (Lines 5 through 9)	2,427,371,425	2,180,603,142
11.	Net cash from operations (Line 4 minus Line 10)	(117,060,928)	206,551,300
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	1,441,555,545	1,005,905,522
	12.2 Stocks	95,202,206	42,368,897
	12.3 Mortgage loans	2,590,995	2,687,341
	12.4 Real estate		
	12.5 Other invested assets	2,596,358	58,288
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	(906,313)	228,659
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,541,038,791	1,051,248,707
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	980,719,586	1,333,535,891
	13.2 Stocks	190,470,368	19,870,774
	13.3 Mortgage loans	16,907,934	10,760,002
	13.4 Real estate	7,936,990	6,723,116
	13.5 Other invested assets	24,010,303	1,991,289
	13.6 Miscellaneous applications	20,621,563	(31,054,674)
	13.7 Total investments acquired (Lines 13.1 to 13.6)	1,240,666,744	1,341,826,398
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	300,372,047	(290,577,691)
	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	30,000,000	
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	400,000,000	5,000,000
	16.6 Other cash provided (applied)	22,257,656	36,277,310
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(347,742,344)	31,277,310
	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)	(164,431,225)	(52,749,081)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	304,286,770	357,035,851
	19.2 End of year (Line 18 plus Line 19.1)	139,855,545	304,286,770

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

20.0001	Proceeds from investments sold, matured or repaid - Bonds	518,705,289	
20.0002	Proceeds from investments sold, matured or repaid - Stocks	31,505,866	
20.0003	16.5 Dividends to stockholders	368,267,606	

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	37,640,578	19,384,294	20,346,488	36,678,384
2. Allied lines	31,853,660	15,594,070	16,894,340	30,553,390
3. Farmowners multiple peril	15,765,661	7,564,495	7,917,716	15,412,440
4. Homeowners multiple peril	308,353,120	153,113,323	163,395,329	298,071,114
5. Commercial multiple peril	378,399,762	199,163,507	193,646,118	383,917,151
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	34,530,965	16,979,969	16,600,919	34,910,015
10. Financial guaranty				
11.1 Medical professional liability—occurrence	157,755	82,483	73,713	166,525
11.2 Medical professional liability—claims-made	21,911	8,014	8,519	21,406
12. Earthquake	6,979,546	3,666,087	3,546,612	7,099,021
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	(16,244)	16,244		
16. Workers' compensation	184,238,656	77,025,658	77,621,327	183,642,987
17.1 Other liability—occurrence	111,540,420	57,018,658	54,471,857	114,087,221
17.2 Other liability—claims-made	4,692,605	2,024,117	2,180,382	4,536,340
17.3 Excess Workers' Compensation		100,208		100,208
18.1 Products liability—occurrence	2,873,091	1,970,754	1,518,405	3,325,440
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	401,660,188	115,957,922	144,695,172	372,922,938
19.3,19.4 Commercial auto liability	172,167,906	87,722,707	83,361,905	176,528,708
21. Auto physical damage	310,729,914	102,260,981	119,252,022	293,738,873
22. Aircraft (all perils)				
23. Fidelity	1,334,228	1,118,245	1,091,848	1,360,625
24. Surety	147,713,659	88,111,526	88,905,893	146,919,292
26. Burglary and theft	63,146	39,019	30,429	71,736
27. Boiler and machinery	38,885	6,913	16,893	28,905
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability				
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	2,150,739,412	948,929,194	995,575,887	2,104,092,719

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

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	20,346,322	166			20,346,488
2. Allied lines	16,894,150	190			16,894,340
3. Farmowners multiple peril	7,917,716				7,917,716
4. Homeowners multiple peril	163,395,329				163,395,329
5. Commercial multiple peril	191,013,482	3,188	2,617,958	11,491	193,646,119
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	16,535,893	65,025			16,600,918
10. Financial guaranty					
11.1 Medical professional liability—occurrence	73,713				73,713
11.2 Medical professional liablity—claims-made	8,494	24			8,518
12. Earthquake	3,546,612				3,546,612
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	75,072,870		2,141,055	407,402	77,621,327
17.1 Other liability—occurrence	53,965,273	202,985	315,089	(11,491)	54,471,856
17.2 Other liability—claims-made	2,138,291	37,494	4,597		2,180,382
17.3 Excess Workers' Compensation					
18.1 Products liability—occurrence	1,472,586	202	45,617		1,518,405
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	144,695,172				144,695,172
19.3,19.4 Commercial auto liability	82,563,026	798,879			83,361,905
21. Auto physical damage	119,088,676	163,347			119,252,023
22. Aircraft (all perils)					
23. Fidelity	397,929	693,919			1,091,848
24. Surety	47,400,849	41,505,044			88,905,893
26. Burglary and theft	30,429				30,429
27. Boiler and machinery	16,893				16,893
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	946,573,705	43,470,463	5,124,316	407,402	995,575,886
36. Accrued retrospective premiums based on experience					(407,402)
37. Earned but unbilled premiums					(5,124,315)
38. Balance (Sum of Lines 35 through 37)					990,044,169

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	6,266,384	37,640,578		6,266,384		37,640,578
2. Allied lines	5,501,602	31,853,660		5,501,602		31,853,660
3. Farmowners multiple peril		15,765,661				15,765,661
4. Homeowners multiple peril	8,012,768	308,353,120		8,012,768		308,353,120
5. Commercial multiple peril	59,744,675	378,399,762		59,744,675		378,399,762
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	11,050,249	34,530,965		11,050,249		34,530,965
10. Financial guaranty						
11.1 Medical professional liability--occurrence		157,755				157,755
11.2 Medical professional liability--claims-made		21,911				21,911
12. Earthquake	88,199	6,979,546		88,199		6,979,546
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	67,772	(16,244)		67,772		(16,244)
16. Workers' compensation	20,851,944	184,238,656		20,851,944		184,238,656
17.1 Other liability—occurrence	113,660,630	111,540,420		113,660,630		111,540,420
17.2 Other liability—claims-made	1,061,989	4,692,605		1,061,989		4,692,605
17.3 Excess Workers' Compensation						
18.1 Products liability—occurrence	2,879,692	2,873,091		2,879,692		2,873,091
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	8,254,810	401,660,188		8,254,810		401,660,188
19.3,19.4 Commercial auto liability	34,891,429	172,167,906		34,891,429		172,167,906
21. Auto physical damage	14,611,558	310,729,914		14,611,558		310,729,914
22. Aircraft (all perils)						
23. Fidelity	5,841,366	1,334,228		5,841,366		1,334,228
24. Surety	53,870,259	147,713,659		53,870,259		147,713,659
26. Burglary and theft	8,747	63,146		8,747		63,146
27. Boiler and machinery	1,519	38,885		1,519		38,885
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	346,665,592	2,150,739,412		346,665,592		2,150,739,412

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
	1	2	3	4				
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	940,727	14,953,104	940,727	14,953,104	6,647,813	6,312,083	15,288,834	41.683
2. Allied lines	6,410,578	19,529,459	6,410,578	19,529,459	5,561,052	5,275,740	19,814,771	64.853
3. Farmowners multiple peril		10,304,523		10,304,523	4,734,427	4,978,241	10,060,709	65.277
4. Homeowners multiple peril	6,637,328	161,160,875	6,637,328	161,160,875	79,738,205	59,387,926	181,511,154	60.895
5. Commercial multiple peril	33,824,703	202,926,361	33,824,703	202,926,361	349,963,509	329,275,402	223,614,468	58.246
6. Mortgage guaranty								
8. Ocean marine		866		866	(168)	2,984	(2,286)	
9. Inland marine	5,132,464	12,212,537	5,132,464	12,212,537	2,904,494	5,402,307	9,714,724	27.828
10. Financial guaranty								
11.1 Medical professional liability—occurrence		8,883		8,883	482,290	443,790	47,383	28.454
11.2 Medical professional liability—claims-made		9,790		9,790	98,569	98,826	9,533	44.534
12. Earthquake		(3,835)		(3,835)	8,046	12,271	(8,060)	(0.114)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	151,726	258,477	151,726	258,477	9,241,354	1,569,811	7,930,020	
16. Workers' compensation	25,008,152	278,825,589	25,008,152	278,825,589	568,529,680	699,407,659	147,947,610	80.563
17.1 Other liability—occurrence	58,131,988	46,749,424	58,131,988	46,749,424	196,457,695	181,390,527	61,816,592	54.184
17.2 Other liability—claims-made	1,011,352	2,135,832	1,011,352	2,135,832	10,681,781	5,763,936	7,053,677	155.493
17.3 Excess Workers' Compensation						89,111	(89,111)	(88.926)
18.1 Products liability—occurrence	449,048	1,638,752	449,048	1,638,752	4,332,715	5,923,519	47,948	1.442
18.2 Products liability—claims-made						156	(156)	
19.1,19.2 Private passenger auto liability	9,450,032	223,428,167	9,450,032	223,428,167	284,351,303	299,832,927	207,946,543	55.761
19.3,19.4 Commercial auto liability	20,692,154	97,542,058	20,692,154	97,542,058	192,357,784	197,952,264	91,947,578	52.086
21. Auto physical damage	8,041,236	169,439,161	8,041,236	169,439,161	11,883,754	14,651,458	166,671,457	56.741
22. Aircraft (all perils)		38,488		38,488	16,077	(138,365)	192,930	
23. Fidelity	632,918	206,620	632,918	206,620	165,141	459,440	(87,679)	(6.444)
24. Surety	7,154,932	29,025,381	7,154,932	29,025,381	53,728,950	61,251,401	21,502,930	14.636
26. Burglary and theft		15,224		15,224	719	33,015	(17,072)	(23.798)
27. Boiler and machinery					10,599	10,597	2	0.007
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	XXX							
32. Reinsurance-Nonproportional Assumed Liability	XXX	4,367,840		4,367,840	39,935,540	38,273,802	6,029,578	
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	183,669,338	1,274,773,576	183,669,338	1,274,773,576	1,821,831,329	1,917,660,828	1,178,944,077	56.031

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

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

	Reported Losses				Incurred But Not Reported			8	9
Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	54,996	4,225,379	54,996	4,225,379	161,045	2,422,434	161,045	6,647,813	550,417
2. Allied lines	1,091,908	4,766,949	1,091,908	4,766,949	142,458	794,103	142,458	5,561,052	244,384
3. Farmowners multiple peril		3,996,174		3,996,174		738,253		4,734,427	924,939
4. Homeowners multiple peril	1,964,776	52,260,703	1,964,776	52,260,703	744,387	27,477,502	744,387	79,738,205	11,637,322
5. Commercial multiple peril	32,337,191	212,795,943	32,337,191	212,795,943	34,029,920	137,167,566	34,029,920	349,963,509	163,922,836
6. Mortgage guaranty									
8. Ocean marine		970		970		(1,139)		(169)	2
9. Inland marine	692,154	1,855,566	692,154	1,855,566	411,891	1,048,928	411,891	2,904,494	1,363,638
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		86,655		86,655		395,635		482,290	257,801
11.2 Medical professional liablity—claims-made						98,569		98,569	27,319
12. Earthquake		8,046		8,046				8,046	(1,877)
13. Group accident and health								(a)	(520)
14. Credit accident and health (group and individual)									
15. Other accident and health	252,344	2,161,690	252,344	2,161,690	111,110	7,079,664	111,110	(a) 9,241,354	1,039,794
16. Workers' compensation	124,475,321	375,314,339	124,475,321	375,314,339	56,996,686	193,215,340	56,996,686	568,529,679	64,563,845
17.1 Other liability—occurrence	76,750,159	60,833,082	76,750,159	60,833,082	237,965,540	135,624,613	237,965,540	196,457,695	50,776,796
17.2 Other liability—claims-made	63,480	4,020,773	63,480	4,020,773	(232,861)	6,661,008	(232,861)	10,681,781	4,762,217
17.3 Excess Workers' Compensation									71
18.1 Products liability—occurrence	877,971	2,120,286	877,971	2,120,286	1,768,956	2,212,429	1,768,956	4,332,715	2,153,843
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	35,583,533	239,711,777	35,583,533	239,711,777	3,430,514	44,639,526	3,430,514	284,351,303	54,252,902
19.3,19.4 Commercial auto liability	29,140,513	122,786,066	29,140,513	122,786,066	17,143,762	69,571,718	17,143,762	192,357,784	29,992,543
21. Auto physical damage	947,077	6,870,355	947,077	6,870,355	210,684	5,013,399	210,684	11,883,754	2,231,747
22. Aircraft (all perils)		16,077		16,077				16,077	
23. Fidelity	227,155	62,109	227,155	62,109	20,897	103,031	20,897	165,140	176,450
24. Surety	4,848,548	(16,774,444)	4,848,548	(16,774,444)	18,058,320	70,503,394	18,058,320	53,728,950	16,832,403
26. Burglary and theft		121		121		598		719	2,862
27. Boiler and machinery		(1,326)		(1,326)		11,925		10,599	11,235
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance-Nonproportional Assumed Liability	XXX	18,665,061		18,665,061	XXX	21,270,479		39,935,540	885,096
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	309,307,126	1,095,782,351	309,307,126	1,095,782,351	370,963,309	726,048,975	370,963,309	1,821,831,326	406,608,065

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	1,863,189			1,863,189
1.2 Reinsurance assumed	82,199,129			82,199,129
1.3 Reinsurance ceded	1,863,189			1,863,189
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	82,199,129			82,199,129
2. Commission and brokerage:				
2.1 Direct, excluding contingent		58,501,316		58,501,316
2.2 Reinsurance assumed, excluding contingent		319,823,781		319,823,781
2.3 Reinsurance ceded, excluding contingent		58,501,316		58,501,316
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed		36,629,494		36,629,494
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)		356,453,275		356,453,275
3. Allowances to manager and agents	29,190	151,503	69	180,762
4. Advertising	2,806,707	14,024,220	36,056	16,866,983
5. Boards, bureaus and associations	834,444	4,289,425	1,189	5,125,058
6. Surveys and underwriting reports	2,446,124	12,202,357	41,470	14,689,951
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	100,062,298	114,958,355	4,133,376	219,154,029
8.2 Payroll taxes	2,016,747	12,957,162	292,673	15,266,582
9. Employee relations and welfare	8,695,122	44,249,943	313,499	53,258,564
10. Insurance	6,899,293	1,528,863	34,834	8,462,990
11. Directors' fees	1,468	7,668	2	9,138
12. Travel and travel items	6,145,069	9,827,562	91,038	16,063,669
13. Rent and rent items	4,211,840	15,544,988	106,287	19,863,115
14. Equipment	3,817,079	14,603,891	114,895	18,535,865
15. Cost or depreciation of EDP equipment and software	2,129,463	9,735,923	75,314	11,940,700
16. Printing and stationery	1,139,183	2,505,246	14,073	3,658,502
17. Postage, telephone and telegraph, exchange and express	3,460,273	13,408,339	139,361	17,007,973
18. Legal and auditing	863,985	1,965,226	470,035	3,299,246
19. Totals (Lines 3 to 18)	145,558,285	271,960,671	5,864,171	423,383,127
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 665,011		48,562,963		48,562,963
20.2 Insurance department licenses and fees		5,980,616		5,980,616
20.3 Gross guaranty association assessments		(682,569)		(682,569)
20.4 All other (excluding federal and foreign income and real estate)		5,508,566		5,508,566
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		59,369,576		59,369,576
21. Real estate expenses			2,632,969	2,632,969
22. Real estate taxes			230,969	230,969
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	20,633,424	19,321,453	926,132	40,881,009
25. Total expenses incurred	248,390,838	707,104,975	9,654,241	(a) 965,150,054
26. Less unpaid expenses—current year	406,608,066	89,533,110	131,455	496,272,631
27. Add unpaid expenses—prior year	456,561,292	138,406,040	424,735	595,392,067
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)	298,344,064	755,977,905	9,947,521	1,064,269,490

DETAILS OF WRITE-IN LINES				
2401. Other expenses	14,759,285	19,321,453	926,132	35,006,870
2402. Change in unallocated expense reserves	5,874,139			5,874,139
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	20,633,424	19,321,453	926,132	40,881,009

(a) Includes management fees of $ 6,518,364 to affiliates and $ 271,940 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 17,683,472	16,121,360
1.1	Bonds exempt from U.S. tax	(a) 45,423,915	40,254,603
1.2	Other bonds (unaffiliated)	(a) 109,724,934	111,443,499
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,373,938	1,100,983
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	658,765	676,005
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 6,469,034	6,515,213
4.	Real estate	(d) 5,142,841	5,142,841
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 292,219	226,073
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	95,178	95,178
10.	Total gross investment income	186,864,296	181,575,755
11.	Investment expenses		(g) 9,654,241
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) 1,292,447
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		10,946,688
17.	Net investment income (Line 10 minus Line 16)		170,629,067

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	95,178	95,178
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)	95,178	95,178
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

(a) Includes $ 5,667,977 accrual of discount less $ 15,694,536 amortization of premium and less $ 3,758,894 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 19,748 paid for accrued interest on purchases.
(d) Includes $ 5,142,841 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 1,292,447 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	6,589,041		6,589,041		
1.1	Bonds exempt from U.S. tax	10,341,220		10,341,220		
1.2	Other bonds (unaffiliated)	18,572,879	(2,593,599)	15,979,280	5,879,842	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	52,966	(367,400)	(314,434)	1,908,548	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	51,445,602		51,445,602	(37,381,573)	657,335
2.21	Common stocks of affiliates				12,782,107	
3.	Mortgage loans	(193,620)		(193,620)	(183,675)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	(165,553)		(165,553)	168,026	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	86,642,535	(2,960,999)	83,681,536	(16,826,725)	657,335

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	8,834,761	12,827,180	3,992,419
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	13,658	(356,119)	(369,777)
15.3 Accrued retrospective premiums	207,316	455,415	248,099
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	31,610,163	38,713,870	7,103,707
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	2,119,620	3,319,353	1,199,733
21. Furniture and equipment, including health care delivery assets	204,124	696,251	492,127
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	2,758,596	5,052,814	2,294,218
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	45,748,238	60,708,764	14,960,526
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	45,748,238	60,708,764	14,960,526

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	2,758,596	5,052,814	2,294,218
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,758,596	5,052,814	2,294,218

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Ohio, the accompanying financial statements of The Ohio Casualty 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 applies the following accounting policies, where applicable:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).

2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.

3. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).

4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).

5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.

6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.

7. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investment in Subsidiaries, Controlled Entities and Affiliates*, and the SVO Manual.

8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.

9. Derivative Securities, refer to Note 8.

10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.

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 2010.

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.

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

The Company did not recognize an impairment loss during the period.

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

During 2010, the Company participated in direct investment in commercial mortgage loans using an experienced external manager, StanCorp Mortgage Investors.

(1) The maximum and minimum lending rates for mortgage loans during 2010 were 10.25% and 5.24% respectively.
(2) During 2010, the Company did not reduce interest rates of any outstanding mortgage loans.
(3) The maximum loan to value of any loan written during 2010 was 75%.
(4) As of year end, OCIC held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued, of $262,269.
  a) Total interest due on mortgages with interest more than 180 days past due was $19,999.
(5) There were $24,725 in taxes, assessments and any amounts advanced and not included in the mortgage loan.
(6) Total recorded investment in impaired loans as of December 31, 2010 was $1,384,375, of which there is a related allowance for credit losses of $432,583.
(7) There was no recorded investment in impaired loans without a related allowance for credit losses.
(8) The average recorded investment in impaired loans was $106,461 for 2010.
(9) There was no interest income recognized for impaired loans during 2010.
(10) There was no interest income recognized on a cash basis for impaired loans during 2010.
(11)
  a) The balance in the allowance for credit losses at the beginning of 2010 was $248,908 and at the beginning of 2009 was $0.
  b) There were $427,997 of additions to the allowance charged to operations in 2010 and $248,908 in 2009.
  c) There were $244,322 of direct write-downs charged against the allowance in 2010 and $0 in 2009.
  d) There were no recoveries of amounts previously charged off.
  e) The balance in the allowance for credit losses was $432,583 in 2010 and $248,908 in 2009.

(12) The Company recognizes interest income on its impaired loans upon receipt.

B. Troubled Debt Restructuring for Creditors

(1) There was $1,034,095 of recorded investment in mortgage loans for which impairment has been recognized.
(2) There was no realized capital loss.
(3) There were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in trouble debt restructuring.
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.

2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2010 as of December 31, 2010: None.

3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2010:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
021460AB6	$1,552,657	$1,518,901	$33,756	$1,518,901	$1,201,209	3/31/2010
021460AB6	1,270,779	1,182,182	88,597	1,182,182	1,156,616	9/30/2010
021460AB6	1,130,094	1,090,903	39,191	1,090,903	1,058,912	12/31/2010

NOTES TO FINANCIAL STATEMENTS

06606WAM6	1,527,933	1,255,040	272,893	1,255,040	1,242,727	3/31/2009
06606WAM6	615,947	463,257	152,690	463,257	457,945	3/31/2009
07387AGC3	3,549,538	2,987,604	561,934	2,987,604	2,195,961	6/30/2009
07387AGC3	2,621,365	2,511,705	109,660	2,511,705	2,272,885	9/30/2010
07387AGC3	2,494,689	2,470,267	24,422	2,470,267	2,281,422	12/31/2010
126670QT8	1,362,936	725,950	636,986	725,950	1,169,368	3/31/2009
126670QT8	3,333,203	2,271,560	1,061,643	2,271,560	2,283,894	3/31/2009
17309BAB3	3,080,419	2,766,622	313,798	2,766,622	2,682,340	3/31/2009
32052GAA2	2,299,799	2,003,745	296,054	2,003,745	1,997,709	9/30/2010
32052GAA2	1,864,231	1,807,552	56,679	1,807,552	1,596,718	12/31/2010
41161PMY6	3,635,940	2,292,079	1,343,862	2,292,079	1,012,622	9/30/2010
41161PMY6	2,243,758	1,998,780	244,978	1,998,780	1,027,113	12/31/2010
65538PAE8	3,107,647	2,858,503	249,145	2,858,503	2,810,660	6/30/2009
76110VHJ0	560,598	492,356	68,242	492,356	488,636	3/31/2009
76110VNV6	$6,247,999	$4,592,298	$1,655,700	$4,592,298	$4,475,162	3/31/2009

4. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2010:

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	(1,541,898)	(3,088,177)
Fair Value of Securities with Unrealized Losses	90,622,858	28,765,173

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

E. Repurchase Agreements and Securities Lending

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

2. The Company maintained collateral for loaned securities.

   (1) For loaned securities, Company policies require a minimum of 102% of the fair value of securities loaned to be maintained as collateral. Cash collateral received is invested in short-term investments.

   (2) The Company has not pledged any of its assets as collateral.

   (3) Sources of collateral are cash and securities. Cash collateral is reinvested by the lending agent in short term securities.

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 23,427,421
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	23,427,421
Securities Received	39,525,436
Total Collateral Received	$ 62,952,857

4. Securities Lending Transactions Administered by an Affiliated Agent

   Not applicable

5. Collateral Reinvestment

   a. Aggregate Amount Cash Collateral Reinvested

NOTES TO FINANCIAL STATEMENTS

	Amortized Cost	Fair Value
Open	-	-
30 Days or Less	$ 12,542,996	$ 12,543,279
31 to 60 Days	10,077,171	10,077,641
61 to 90 Days	806,225	806,502
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	23,426,391	23,427,421
Securities Received	39,525,436	39,525,436
Total Collateral Reinvested	$ 62,951,827	$ 62,952,857

b. Maturity profile of the cash reinvestment program sufficiently matches loan profile with liquidity demands consistent with an open loan program.

F. Real Estate

1. The Company did not recognize any impairments on real estate during the year.

2. The Company has not sold or classified real estate investments as held for sale.

3. The Company has not experienced any changes to a plan of sale for investment in real estate.

4. The Company does not engage in retail land sale operations.

5. The Company does not hold real estate investments with participating mortgage loan features.

G. Investments in Low-Income Housing Tax Credits

1. There are no years remaining of unexpired tax credits. The required holding period for the LIHTC investment is five years.

2. The Company's LIHTC property is not currently subject to any regulatory reviews.

3. The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.

4. The Company did not recognize any impairment loss on its LIHTC investment during the year.

5. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies.

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

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company did not realize any impairment losses during the year.

Note 7 - Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due (over 180 days for mortgage loans in default).

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2010.

NOTES TO FINANCIAL STATEMENTS

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	188,595,570	44,895,050	233,490,620	205,224,646	50,074,174	255,298,820	(16,629,076)	(5,179,124)	(21,808,200)
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	188,595,570	44,895,050	233,490,620	205,224,646	50,074,174	255,298,820	(16,629,076)	(5,179,124)	(21,808,200)
Deferred Tax Liabilities	(32,140,177)	(2,961,113)	(35,101,290)	(35,399,100)	(10,274,450)	(45,673,550)	3,258,923	7,313,337	10,572,260
Net DTA (DTL)	156,455,393	41,933,937	198,389,330	169,825,546	39,799,724	209,625,270	(13,370,153)	2,134,213	(11,235,940)
Deferred Tax Assets Nonadmitted	(30,475,401)	(1,134,762)	(31,610,163)	(38,713,870)	0	(38,713,870)	8,238,469	(1,134,762)	7,103,707
Net Admitted DTA (DTL)	125,979,992	40,799,175	166,779,167	131,111,676	39,799,724	170,911,400	(5,131,684)	999,451	(4,132,233)

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election does not differ from the prior reporting period.

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	83,129,640	40,799,175	123,928,815	97,687,000	31,683,000	129,370,000	(14,557,360)	9,116,175	(5,441,185)
Lesser of:									
Expected to be recognized within one year (10bi.)	11,810,315	0	11,810,315	4,896,686	8,116,550	13,013,236	6,913,629	(8,116,550)	(1,202,921)
10% of adjusted capital and surplus (10bii.)			86,941,744			117,178,060			
Adj. gross DTAs offset against existing DTLs (10c.)	32,622,127	2,479,163	35,101,290	35,399,100	10,274,450	45,673,550	(2,776,973)	(7,795,287)	(10,572,260)
Total	127,562,082	43,278,338	170,840,420	137,982,786	50,074,000	188,056,786	(10,420,704)	(6,795,662)	(17,216,366)

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	83,129,640	40,799,175	123,928,815	117,345,000	31,683,000	149,028,000	(34,215,360)	9,116,175	(25,099,185)
Lesser of:									
Expected to be recognized within three years (10eiia.)	42,850,352	0	42,850,352	13,766,850	8,116,550	21,883,400	29,083,502	(8,116,550)	20,966,952
15% of adjusted capital and surplus (10eiib.)			130,412,616			175,767,090			
Adj. gross DTAs offset against existing DTLs (10eiii.)	32,622,127	2,479,163	35,101,290	35,399,100	10,274,450	45,673,550	(2,776,973)	(7,795,287)	(10,572,260)
Total	158,602,119	43,278,338	201,880,457	166,510,950	50,074,000	216,584,950	(7,908,831)	(6,795,662)	(14,704,493)

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2010	December 31, 2009	Change
Total Adjusted Capital	1,086,114,676	1,307,643,522	(221,528,846)
Authorized Control Level	199,414,788	200,778,589	(1,363,801)

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)		0	(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	94,939,955	40,799,175	135,739,130	102,583,512	39,799,724	142,383,236	(7,643,557)	999,451	(6,644,106)
Admitted Assets			4,810,997,152			5,248,675,967			(437,678,815)
Adjusted Statutory Surplus			1,086,114,676			1,307,643,522			(221,528,846)
Total Adjusted Capital from DTAs			1,086,114,676			1,307,643,522			(221,528,846)

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	31,040,037	0	31,040,037	28,528,164	0	28,528,164	2,511,873	0	2,511,873
Admitted Assets			4,842,037,189			5,277,204,131			(435,166,942)
Adjusted Statutory Surplus			1,117,154,713			1,336,171,686			(219,016,973)
Total Adjusted Capital from DTAs			1,117,154,713			1,336,171,686			(219,016,973)

	December 31, 2010		
	(1)	(2)	(3)
Impact of Tax Planning Strategies			(Col 1 + 2)
	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	0%	0%	0%

B. The Company does not have any DTLs described in SSAP No. 10R, Income Taxes, paragraph 6d.

C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2010	2009
Federal	13,743,662	62,522,399
Foreign	0	0
Realized capital gains	29,288,538	(260,049)
Federal and foreign income taxes incurred	43,032,200	62,262,350

The Company’s deferred tax assets and liabilities result primarily from unearned premium reserve adjustments, discounting of unpaid losses and LAE reserves, accrued benefits, permanent impairments and deferred intercompany transactions.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	(21,312,229)
Change in tax effect of unrealized (gains) losses	10,076,289
Total change in net deferred income tax	(11,235,940)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt interest, unearned premium reserve adjustment, discounting of unpaid losses and LAE reserves and tax amortization.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $41,721,200 from the current year and $60,261,229 from the preceding year.

The Company has no remaining net operating loss carry forward available to offset future net income subject to Federal income taxes.

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

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

Access Insurance Services, Co.
America First Insurance Company
American Economy Insurance Company
AMBCO Capital Corporation
America First Lloyds Insurance Company
American Fire & Casualty Company

NOTES TO FINANCIAL STATEMENTS

American States Insurance Company
American States Lloyds Insurance Company
Avomark Insurance Company (merged 2/23/2010)
Berkeley Holding Company Associates, Inc.
Bridgefield Casualty Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010
Cascade Disability Management, Inc.
Commercial Aviation Insurance, Inc.
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)
Copley Venture Capital, Inc.
Emerald City Insurance Agency, Inc.
Excelsior Insurance Company
First National Insurance Company of America
Florida State Agency, Inc. (Dissolved 8/20/2010)
General America Corporation of Texas
Golden Eagle Insurance Corporation
Hawkeye-Security Insurance Company
Indiana Insurance Company
LEXCO Limited
Liberty Assignment Corporation
Liberty Financial Services, Inc.
Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.
Liberty International Holdings Inc.
Liberty Life Holdings Inc.
Liberty Management Services, Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Group Inc.
Liberty Mutual Insurance Company
Liberty Northwest Insurance Corporation
Liberty RE (Bermuda) Limited
Liberty Surplus Insurance Corporation
LIU Specialty Insurance Agency Inc.
LM Insurance Corporation
LM Property & Casualty Insurance Company
LRE Properties, Inc.
Mid-American Fire & Casualty Company
OCASCO Budget, Inc.
Ohio Casualty Corporation
Open Seas Solutions, Inc.
Peerless Indemnity Insurance Company
Pilot Insurance Services, Inc.
S.C. Bellevue, Inc.
Safeco Corporation
Safeco Insurance Company of America
Safeco Insurance Company of Indiana
Safeco Lloyds Insurance Company
Safeco Properties, Inc.
San Diego Insurance Company
St. James Insurance Company Ltd.
State Agency, Inc. (Wisconsin corporation) (Dissolved 8/24/2010)
Summit Consulting, Inc. of Louisiana
The First Liberty Insurance Corporation
The Ohio Casualty Insurance Company
Wausau General Insurance Company
West American Insurance Company
Winmar of the Desert, Inc.
Winmar-Metro, Inc.
American States Insurance Company of Texas
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Management Corporation
Bridgefield Employers Insurance Company
Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Colorado Casualty Insurance Company
Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Consolidated Insurance Company
Diversified Settlements, Inc.
Employers Insurance Company of Wausau
F.B. Beattie & Co., Inc.
First State Agency Inc.
General America Corporation
General Insurance Company of America
Gulf States AIF, Inc.
Heritage-Summit HealthCare, Inc.
Insurance Company of Illinois
Liberty-USA Corporation
Liberty Energy Canada, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Holdings, Inc.
Liberty International Europe Inc.
Liberty Life Assurance Company of Boston
Liberty Lloyds of Texas Insurance Company
Liberty Mexico Holdings Inc.
Liberty Mutual Fire Insurance Company
Liberty Mutual Holding Company Inc.
Liberty Mutual Personal Insurance Company
Liberty Personal Insurance Company
Liberty Sponsored Insurance (Vermont) Inc.
LIH-RE of America Corporation
LM General Insurance Company
LM Personal Insurance Company
LMHC Massachusetts Holdings Inc.
Mid-American Agency, Inc. (Dissolved 8/20/2010)
North Pacific Insurance Company
OCI Printing, Inc.
Ohio Security Insurance Company
Oregon Automobile Insurance Company
Peerless Insurance Company
Rianoc Research Corporation
SAFECARE Company, Inc.
Safeco General Agency, Inc.
Safeco Insurance Company of Illinois
Safeco Insurance Company of Oregon
Safeco National Insurance Company
Safeco Surplus Lines Insurance Company
SCIT, Inc.
State Agency, Inc. (Indiana corporation) (Dissolved 8/23/2010)
Summit Consulting, Inc.
Summit Holding Southeast, Inc.
The Midwestern Indemnity Company
The Netherlands Insurance Company
The National Corporation
Wausau Business Insurance Company
Wausau Underwriters Insurance Company
Winmar Company, Inc.
Winmar Oregon, Inc.

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Ohio Casualty Corporation (“OCC”), an Ohio insurance holding company. OCC is owned by Liberty Mutual Insurance Company (“LMIC” 78%), a Massachusetts insurance company; Liberty Mutual Fire Insurance Company (“LMFIC” 6%), a Wisconsin insurance company; Employers Insurance Company of Wausau (“EICOW 8%), a Wisconsin insurance company; and Peerless Insurance Company (“PIC” 8%), a New Hampshire insurance company. The ultimate parent of LMIC, LMFIC, EICOW and PIC is Liberty Mutual Holding Company Inc., a Massachusetts company.

B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.

NOTES TO FINANCIAL STATEMENTS

C. As of December 31, 2010, the Company had the following capital transactions with its parent and subsidiaries:

1. Received capital contributions of $30,000,000 from its parent, OCC.

2. Contributed capital in the amount of $125,958.

D. At December 31, 2010, the Company reported a net $83,149,189 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.

F. Refer to Note 26 for information regarding the Amended and Restated Reinsurance Pooling Agreement.

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

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

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

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

The Company is a party to a revolving credit agreement under which the Company may borrow up to $130,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2010, there have been no drawings under this agreement.

G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.

H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled, or affiliated entities during the statement period.

K. The Company does not hold investments in foreign insurance subsidiaries.

L. The Company did not utilize the look-through approach for the valuation of its downstream non-insurance holding companies.

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

The Company has not entered into any agreements with the Federal Home Loan Bank.

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

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

As a result of the acquisition of Safeco Corporation, by Liberty Mutual on September 22, 2008, the Safeco Corporation's eligible U.S. employees became employees of Liberty Mutual and began participating in non contributory defined benefit pension plans and contributory defined contribution pension plans sponsored by LMGI, effective January 1, 2009. The Safeco 401(k) plan assets merged into the Liberty Mutual Employees' Thrift-Incentive plan in May of 2009.

The Safeco Corporation sponsored a cash balance defined benefit pension plan (CBP) covering a wide range of former Company employees. Safeco Corporation terminated the CBP effective December 31, 2008. The Internal Revenue Service

NOTES TO FINANCIAL STATEMENTS

issued a favorable letter of determination for the Plan on May 6, 2010. As a result, all assets of the plan were distributed to plan participants by the end of the third quarter of 2010. The final distribution resulted in a settlement charge of $9,080,150. The CBP pension costs are subject to the inter-company pooling agreement described in Note 26. These costs amounted to $1,420,053 and $290,905 in 2010 and 2009, respectively. Also, a CBP additional minimum liability of $0 and $1,012,659, also subject to the inter-company pooling agreement, was recognized in 2010 and 2009 respectively in accordance with SSAP 89 and is reported as a component of unassigned funds (surplus). The Company has no legal obligation for benefits under this plan.

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

1. The Company has 1,000,000 shares authorized and 900,000 shares issued and outstanding as of December 31, 2010. All shares have a stated par value of $5.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company paid dividends to its parent in 2010 of:

	Ordinary	Extraordinary	Total Dividends
March	$192,132,862	$187,867,138	$380,000,000
August		20,000,000	20,000,000
Total	$192,132,862	$207,867,138	$400,000,000

5. The maximum amount of dividends that can be paid by Ohio-domiciled insurance companies to shareholders without prior approval of the Insurance Director is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout that may be made without prior approval in 2011 is $164,668,197.

6. As of December 31, 2010, the Company has restricted surplus of $31,040,037 from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes,* and pre-tax restricted surplus of $4,412,314 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2010 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $134,770,040 after applicable deferred taxes of $(54,363).

11. Surplus Notes

    Not applicable

12. Quasi re-organization (dollar impact)

    Not applicable

13. Quasi re-organization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

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

B. Assessments

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

   The Company has accrued a liability for guaranty funds and other assessments of $9,292,581 that is offset by future premium tax credits of $1,700,326. 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.

NOTES TO FINANCIAL STATEMENTS

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 2010.

During 2010 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 obligation and bad faith losses stemming from lawsuits

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$100,000

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

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

Indicate whether claim count information is disclosed per claim or per claimant.
(f) Per Claim [X] (g) Per Claimant [ ]

E. All Other Contingencies

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

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

Pursuant to North Carolina General Statute #58-36-25, the potential interest payable to policyholders for the 2010 Private Passenger Automobile Escrow was $769.

Note 15 - Leases

A. Lessee Leasing Arrangements

The Company leases office space, plant and equipment under various non cancelable operating lease arrangements. The Company has also entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all property, plant and equipment at the end of each respective lease.

The Company's minimum lease obligations under these agreements are as follows:

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2011	$1,157,200	$8,144,575
2012	1,157,200	8,041,436
2013	1,157,200	5,419,304
2014	96,433	5,083,052
2015	0	2,832,975
2016 & thereafter	0	4,049,194
Total	$3,568,033	$33,570,536

B. Leasing as a Significant Part of Lessor's Business Activities

Leasing is not a significant part of the Company's business activities.

NOTES TO FINANCIAL STATEMENTS

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. Collateral is not restricted and currently $0 extends beyond one year from December 31, 2010. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2010 the total fair value of securities on loan was $60,819,675, with corresponding collateral value of $62,952,857 of which $23,427,421 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

In 2008, certain members of the PIC Amended and Restated Reinsurance Pooling Agreement (refer to Note 26) agreed to become participating insurers of the California Earthquake Authority ("CEA"), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as third party administrators and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the inter-company pooling agreement. In 2010, the Company recorded net CEA administrative fees of $216,240.

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 or produced through managing general agents or third party administrators.

Note 20 - Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which generally utilizes market transaction data for identical or similar instruments.

The hierarchy level assigned to each security in the Company's portfolio is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. The highest priority is given to Level 1 measurements and the lowest priority to Level 3 measurements. Securities are classified based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels at the end of each reporting period. The three hierarchy levels are defined as follows:

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

NOTES TO FINANCIAL STATEMENTS

- Level 2 — Valuations based on directly or indirectly observable inputs (other than Level 1 prices) at the measurement date, such as quoted prices in active markets or prices in markets that are not active for similar assets or liabilities or other inputs that are observable.

- Level 3 — Valuations based on inputs that are unobservable and reflect the Company's own assumptions about the assumptions that market participants might use.

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2010:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$ 29,383,034	$ 2,481,528	$ 31,864,562
Residential Mortgage-Backed Securities	-	$ 12,402,749	-	$ 12,402,749
Commercial Mortgage-Backed Securities	-	$ 3,237,115	-	$ 3,237,115
Total Bonds	-	$ 45,022,898	$ 2,481,528	$ 47,504,426
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	-	$ 10,804,600	$ 30	$ 10,804,630
Total Preferred Stocks	-	$ 10,804,600	$ 30	$ 10,804,630
Common Stocks				
Industrial and Miscellaneous	$178,526,053	-	$ 328,628	$178,854,681
Mutual Funds	$ 7,296,071	-	-	$ 7,296,071
Total Common Stocks	$ 185,822,124	-	$ 328,628	$ 186,150,752
Total assets at fair value	$185,822,124	$ 55,827,498	$ 2,810,186	$244,459,808
Liabilities at fair value				
Total liabilities at fair value	$0	$0	$0	$0

The Company did not have significant transfers between Levels 1 and 2 during the year ended December 31, 2010.

2. Rollforward of Level 3 Items

The following tables set forth the fair values of assets basis classified as Level 3 within the fair value hierarchy:

	1	2	3	4	5	6	7
	Balance at 12/31/2009	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases, issuances, sales and settlements	Balance at 12/31/2010
Bonds	$ 2,331,404	-	-	-	$ 150,124	-	$ 2,481,528
Preferred Stock	$ 300	-	-	($ 14,700)	$ 14,430	-	$ 30
Common Stock	$ 409,280	-	-	-	($ 80,652)	-	$ 328,628
Total	$ 2,740,984	-	-	($ 14,700)	$ 83,902	-	$ 2,810,186

3. Policy on Transfers Into and Out of Level 3

Transfers in and/or out of Level 3 are due to re-evaluation of the observability of pricing inputs.

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

At each valuation date, the Company uses various valuation techniques to estimate the fair value of its fixed maturities portfolio. The primary method for valuing the Company's securities is through independent third-party valuation service providers. For positions where valuations are not available from independent third-party valuation service providers, the Company utilizes broker quotes and internal pricing methods to determine fair values. The Company obtains a single non-binding price quote from a broker familiar with the security who, similar to the Company's valuation service providers, may consider transactions or activity in similar securities, as applicable, among other information. The brokers providing price quotes are generally from the brokerage divisions of leading financial institutions with market making, underwriting and distribution expertise regarding the security subject to valuation. The evaluation and prioritization of these valuation sources is systematic and predetermined resulting in a single quote or price for each financial instrument. The following describes the techniques generally used to determine the fair value of the Company's fixed maturities by asset class:

U.S. government and agency

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is

NOTES TO FINANCIAL STATEMENTS

generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

Mortgage-Backed Securities

The Company's portfolio of residential mortgage-backed securities ("MBS") and commercial MBS are originated by both agencies and non-agencies, the majority of which are pass-through securities issued by U.S. government agencies. The fair value of MBS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of MBS is primarily classified within Level 2.

Asset-Backed Securities

Asset-backed securities ("ABS") include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, credit card receivables, and collateralized loan obligation securities originated by a variety of financial institutions. The fair value of ABS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of ABS is primarily classified within Level 2.

Municipals

The Company's municipal portfolio comprises bonds issued by U.S. domiciled state and municipal entities. The fair value of municipal securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, broker quotes, issuer ratings, reported trades and credit spreads. Accordingly, the fair value of municipal securities is primarily classified within Level 2.

Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Foreign government securities

Foreign government securities comprise bonds issued by foreign governments and their agencies along with supranational organizations. The fair value of foreign government securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, broker quotes, issuer ratings, reported trades of identical or comparable securities and credit spreads. Accordingly, the fair value of foreign government securities is primarily classified within Level 2.

Equity Securities

Equity securities include common and preferred stocks. Common stocks with fair values based on quoted market prices in active markets are classified in Level 1. Common stocks with fair values determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active are classified in Level 2. The fair value of preferred stock is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active. Accordingly, the fair value of preferred stock is primarily classified within Level 2.

Other Investments

Other investments include primarily international loans, foreign cash deposits and equity investments in privately held businesses. International loans and cash deposits are primarily valued using quoted prices for similar instruments in active markets; these assets are categorized as Level 2 of the fair value hierarchy. Equity investments in privately held businesses are valued using internal management estimates; they are categorized as Level 3 of the hierarchy. Limited partnership investments, which represent the remainder of the other investment balance on the consolidated balance sheet, are not subject to these disclosures and therefore are excluded from the above table.

5. Derivative Fair Values

Not applicable

B. This Disclosure was removed by NAIC December 2010.

C. Other Fair Value Disclosures

Not applicable

D. Reasons Not Practical to Estimate Fair Value

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of $9,407,495 and $9,525,282 as of December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.

2) 2010 North Carolina Private Passenger Automobile Escrow

As mandated by North Carolina Statute #58-7-26(C), the escrow account of the Company was $584,347 at December 31, 2010.

3) Interrogatory 6.1

In 2010, as a member of the inter-company reinsurance pooling arrangement in which PIC is the pool leader, the Company had the benefit, together with its affiliates that cede business to PIC or that are members of the reinsurance pooling arrangement, of Workers' Compensation Catastrophe XOL reinsurance with limits of $110,000,000 part of $200,000,000 xs $100,000,000 purchased by PIC and covering PIC's direct and assumed from affiliates workers' compensation business.

Interrogatory 6.3

In 2010, as a member of the inter-company pooling arrangement in which PIC is the pool leader, the Company had the benefit, together with its affiliates that cede business to PIC or that are members of the reinsurance pooling arrangement, of traditional Property Catastrophe XOL reinsurance, with limits of $742,500,000 part of $825,000,000 xs $500,000,000 covering PIC's direct and assumed from affiliates property business.

D. The Company routinely assesses the collectability of its premium receivable balances. The Company does not believe that amounts in excess of non-admitted amounts are material.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

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

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	OK	$113,750	$113,750
Total		$113,750	$113,750

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

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

(3) Impairment Loss

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

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company reviews such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company’s only exposure to subprime was inherited through past acquisitions of insurance companies.

2. The Company does not have any direct exposure through investments in sub-prime mortgage loans.

NOTES TO FINANCIAL STATEMENTS

3. The Company has direct exposure through investments in residential mortgage-backed securities.

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other Then Temporary Impairments Recognized
$23,247,060	$24,002,469	$21,956,441	$11,570,045

4. The Company does not have any underwriting exposure to sub-prime mortgage risk.

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2011, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2010 that would require disclosure.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholder's surplus.

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2010.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$990,044,170	$148,506,626	$181,842,678	$27,276,402	$808,201,492	$121,230,224
All Other	-	-	-	-	-	-
Total	$990,044,170	$148,506,626	$181,842,678	$27,276,402	$808,201,492	$121,230,224

Direct Unearned Premium Reserve: $181,842,678

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, 2010 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$7,749,588	$53,115,513	$(7,749,588)	$53,115,513
Sliding scale adjustments	-	-	-	-
Other profit commissions	-	-	-	-
Totals	$7,749,588	$53,115,513	$(7,749,588)	$53,115,513

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

D. Uncollectible Reinsurance

The Company did not write off any uncollectible balances in the current year.

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

The Company's retroactive reinsurance is a result of the Intercompany Reinsurance Agreement as described in Note 26.

NOTES TO FINANCIAL STATEMENTS

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$96,862,589	-
	2. Adjustments – Prior Year(s)	(78,488,623)	-
	3. Adjustments – Current Year	1,087,846	-
	4. Total	$19,461,813	-
b.	Consideration Paid or Received:		
	1. Initial	$79,707,366	-
	2. Adjustments – Prior Year(s)	3,038,158	-
	3. Adjustments – Current Year	-	-
	4. Total	$82,745,524	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial		
	2. Adjustments – Prior Year(s)	$98,348,914	-
	3. Adjustments – Current Year	(329,726)	-
	4. Total	$98,019,189	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$(20,141,504)	-
	2. Adjustments – Prior Year(s)	(16,822,133)	-
	3. Adjustments – Current Year	(758,121)	-
	4. Current Year Special Surplus	4,412,314	-
	5. Cumulative Total Transferred to Unassigned Funds	$(42,134,071)	-
e.	All cedents and reinsurers included in the above transactions:		
	Peerless Insurance Company, 24198	$19,461,813	-
	Total	$19,461,813	-

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

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2010.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

The Company has not entered into any property and casualty run-off agreements which qualify for prospective reinsurance accounting treatment, pursuant to SSAP No. 62R, *Property and Casualty Reinsurance*.

Note 24 - 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 refer to 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	$2,076,131
b.	Unsecured amount	
c.	Less: Non-admitted amount (10%)	207,316
d.	Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e.	Admitted amount (a) - (c) - (d)	$1,868,815

NOTES TO FINANCIAL STATEMENTS

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased $24,790,498 during 2010. This decrease was primarily the result of updated reserving analysis and improving loss trends in the Commercial Multiple Peril $6,146,694, Fidelity/Surety $19,891,054 and Private Passenger Auto Liability $22,749,935 lines. The decrease was also the result of a reclassification of loss adjustment expenses to other underwriting expenses in the Commercial Multiple Peril line. This was partially offset by weakening loss trends in the Workers' Compensation $11,695,739, -Including Credit, Accident and Health $7,899,121, and Nonproportional Assumed Liability $6,172,490 lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Peerless Insurance Company ("PIC")	24198	25.20%	All Lines
Affiliated Pool Companies:	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	15.20%	All Lines
	General Insurance Company of America ("GICA")	24732	9.20%	All Lines
	American States Insurance Company ("ASIC")	19704	7.60%	All Lines
	American Economy Insurance Company ("AEIC")	19690	5.60%	All Lines
	Indiana Insurance Company ("IIC")	22659	4.80%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	1.80%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.80%	All Lines
	American Fire and Casualty Company ("AFCIC")	24066	0.60%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyds Insurance Company ("ASLCO")	31933	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
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
			100.0%	
100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	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. Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.

(b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.

NOTES TO FINANCIAL STATEMENTS

(c) 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.

(d) 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.

(e) 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.

(f) The write-off of uncollectible reinsurance is pooled and the Provision for Reinsurance is recognized by the entity placing the outbound external reinsurance

(g) Amounts due (to)/from affiliated entities participating in the PIC Amended and Restated Reinsurance Pooling Agreement as at December 31, 2010:

Affiliate:	Amount:
Peerless Insurance Company	(24,025,293)
The Netherlands Insurance Company	(2,042,444)
Indiana Insurance Company	(5,446,518)
Peerless Indemnity Insurance Company	(3,404,074)
Ohio Casualty Insurance Company	(20,160,168)
Ohio Security Insurance Company	972,506
West America Insurance Company	(1,234,734)
American Fire and Casualty Insurance Company	(1,083,517)
Golden Eagle Insurance Corporation	(3,404,074)
American Economy Insurance Company	251,450
American States Insurance Company	(14,046,151)
American States Insurance Company of Texas	(318,718)
American States Lloyds Insurance Company	(3,029)
American States Preferred Insurance Company	1,378,282
First National Insurance Company	4,977,377
General Insurance Company of America	(9,795,724)
Safeco Insurance Company of America	23,738,540
Safeco Insurance Company of Illinois	38,606,218
Safeco Insurance Company of Indiana	5,927,201
Safeco Insurance Company of Oregon	7,829,541
Safeco Lloyds Insurance Company	1,513,595
Safeco National Insurance Company	69,388
Safeco Surplus Insurance Company	(60,938)

Effective January 1, 2010, LMMAIC cancelled its participation in the Peerless Insurance Company ("PIC") Amended and Restated Reinsurance Pooling Agreement and concurrently became a participant in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.0% pool participation percentage and entered into an 100% Quota Share Reinsurance Agreement with PIC. Pursuant to the 100% Quota Share Reinsurance Agreement with PIC, the Company continues to cede the business it wrote for the Peerless Pool to PIC. New business is ceded to Liberty Mutual Insurance Company ("LMIC"), the lead company in the Liberty Pool.

Effective January 1, 2010, BCIC and BEIC novated their 100% Quota Share Reinsurance Agreements with PIC and entered into 100% Quota Share Inter-Company Reinsurance Agreements with LMIC.

Effective February 23, 2010, Avomark Insurance Company merged with WAIC. WAIC was the surviving entity.

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of $24,859,637 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 $24,859,637 as of December 31, 2010.

B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$0
2. Date of the most recent evaluation of this liability	12/31/2010
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

The Company does not have any high deductible policies.

Note 32- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers' Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers' compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2010 liabilities subject to discount were carried at a value representing a discount of $27,693,498 net of all reinsurance.

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

Note 33 - 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 insured's with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

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

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 utilized 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. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in an aggregate liability that differs from current reserves by an amount that could be material to the Companies' future operating results and financial condition.

In the third quarter of 2009, the Company completed its biennial ground-up asbestos reserve study. The study was completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and it included all major segments of the Company's direct, assumed, and ceded asbestos claims. As part of the internal review, potential exposures of certain policyholders were individually evaluated using the Company's proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of

NOTES TO FINANCIAL STATEMENTS

injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insureds. Between comprehensive studies, the Company monitors asbestos activity to determine whether or not any adjustment to reserves in warranted. The Company also completed its annual study on the environmental claims liability, resulting in immaterial adjustments to held reserves. During 2010 the Company monitored asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted. Based on this review of actual emerged losses, no material adjustments were made.

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.

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 26. Net reserves for asbestos and environmental are allocated based on the Company’s Inter-company Reinsurance Agreement, as discussed in Note 26.

Asbestos:

	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	$30,256,440	$34,982,085	$33,001,800	$34,145,999	$31,946,427
Incurred losses and LAE	7,198,194	1,910,692	5,031,725	436,086	(2,644)
Calendar year payments	2,472,549	3,482,972	3,887,526	2,635,659	3,196,070
Ending Reserves	$34,982,085	$33,409,805	$34,145,999	$31,946,426	$28,747,713
Assumed Reinsurance Basis					
Beginning Reserves	$22,271,510	$21,969,366	$27,133,137	$23,225,771	$32,356,060
Incurred losses and LAE	962,300	6,251,652	(921,951)	11,481,000	(11,377)
Calendar year payments	1,264,443	2,104,797	2,985,415	2,350,710	4,113,298
Ending Reserves	$21,969,367	$26,116,221	$23,225,771	$32,356,061	$28,231,385
Net of Ceded Reinsurance Basis					
Beginning Reserves	$43,255,706	$46,006,721	$48,726,792	$46,743,997	$55,040,504
Incurred losses and LAE	6,145,275	6,749,739	2,456,613	12,962,772	25,902
Calendar year payments	3,394,260	4,652,293	4,439,409	4,666,265	6,653,256
Ending Reserves	$46,006,721	$48,104,167	$46,743,996	$55,040,504	$48,413,150

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$17,275,064
Assumed Reinsurance Basis	16,079,793
Net of Ceded Reinsurance Basis	$30,984,903
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$9,112,609
Assumed Reinsurance Basis	150,339
Net of Ceded Reinsurance Basis	$7,560,345

Environmental:	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	$40,947,524	$39,894,009	$37,930,446	$32,404,759	$27,603,477
Incurred losses and LAE	3,767,016	10,495,986	835,151	(1,406,612)	(147,631)
Calendar year payments	4,820,531	7,584,896	6,360,839	3,394,669	2,747,684
Ending Reserves	$39,894,009	$42,805,099	$32,404,758	$27,603,478	$24,708,162
Assumed Reinsurance Basis					
Beginning Reserves	$8,300,375	$7,492,870	$7,282,685	$7,002,815	$5,040,793
Incurred losses and LAE	165,113	109,444	410	(1,784,742)	92,784
Calendar year payments	972,618	191,068	280,280	177,280	520,851
Ending Reserves	$7,492,870	$7,411,246	$7,002,815	$5,040,793	$4,612,726
Net of Ceded Reinsurance Basis					
Beginning Reserves	$44,817,232	$41,730,622	$41,728,507	$35,588,663	$28,470,189
Incurred losses and LAE	2,236,091	11,580,665	(734,768)	(3,760,776)	15,863
Calendar year payments	5,322,701	6,436,121	5,405,076	3,357,697	3,134,587
Ending Reserves	$41,730,622	$46,875,166	$35,588,663	$28,470,190	$25,351,465

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$14,417,710
Assumed Reinsurance Basis	2,847,136
Net of Ceded Reinsurance Basis	$14,477,965
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$6,019,424
Assumed Reinsurance Basis	22,733
Net of Ceded Reinsurance Basis	$5,653,290

NOTES TO FINANCIAL STATEMENTS

Upon entering the PIC Pool, effective January 1, 2008 (refer to Note 26), the Ohio Casualty Companies' asbestos and environmental claims coding was revised to reflect the definition employed by the Peerless "Pool", which is consistent with industry practice. As a result, the 2007 ending balances for asbestos and environmental reserves, which is the sum of the former PIC Pool's amounts and the Ohio Casualty Companies' Pool amounts, differ from the 2008 beginning balances, which reflect a single common definition.

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guarantee Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/28/2010

3.4 By what department or departments?
Ohio Department of Insurance

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

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
	00000	
	00000	
	00000	

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. ______ %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

GENERAL INTERROGATORIES

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.6 If response to 10.5 is "yes," provide information related to this exemption:

10.7 Has the reporting entity established an Audit Committee in compliance with the domicilary state insurance law? Yes [X] No [ ] N/A [ ]

10.8 If the response to 10.7 is no or n/a, please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Thomas E. Schadler, FCAS, MAAA
175 Berkeley Street Boston, MA 02116
Sr. Vice President & Chief Actuary of Liberty Mutual Agency Corporation

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

12.11	Name of real estate holding company	
12.12	Number of parcels involved	0
12.13	Total book/adjusted carrying value	$ 0

12.2 If yes, provide explanation:

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

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

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

14.11 If the response to 14.1 is no, please explain:

GENERAL INTERROGATORIES

14.2 Has the code of ethics for senior managers been amended? Yes [X] No [ ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
During the 1st quarter, Liberty Mutual Group published several non-material changes to its Code of Business Ethics and Conduct designed to clarify existing Code provisions.

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

16. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

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

19.11 To directors or other officers	$ 0
19.12 To stockholders not officers	$ 0
19.13 Trustees, supreme or grand (Fraternal only)	$ 0

19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

19.21 To directors or other officers	$ 0
19.22 To stockholders not officers	$ 0
19.23 Trustees, supreme or grand (Fraternal only)	$ 0

20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Rented from others	$ 0
20.22 Borrowed from others	$ 0
20.23 Leased from others	$ 0
20.24 Other	$ 0

21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

21.2 If answer is yes:

21.21 Amount paid as losses or risk adjustment	$ 0
21.22 Amount paid as expenses	$ 0
21.23 Other amounts paid	$ 0

22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

GENERAL INTERROGATORIES

INVESTMENT

23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3) Yes [X] No [ ]

23.2 If no, give full and complete information relating thereto:

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

23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [ ] N/A [ ]

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. $ 62,949,377

23.6 If answer to 23.4 is no, report amount of collateral for other programs. $ 0

23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [ ] N/A [ ]

23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [ ] N/A [ ]

23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MLSA) to conduct securities lending? Yes [X] No [ ] N/A [ ]

24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes [X] No [ ]

24.2 If yes, state the amount thereof at December 31 of the current year:

24.21	Subject to repurchase agreements	$ 0
24.22	Subject to reverse repurchase agreements	$ 0
24.23	Subject to dollar repurchase agreements	$ 0
24.24	Subject to reverse dollar repurchase agreements	$ 0
24.25	Pledged as collateral	$ 40,085,281
24.26	Placed under option agreements	$ 0
24.27	Letter stock or securities restricted as to sale	$ 0
24.28	On deposit with state or other regulatory body	$ 9,407,494
24.29	Other	$ 0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

GENERAL INTERROGATORIES

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Bank of New York Mellon	601 Travis Street, Houston, TX 77002
US Bank Corporate Trust Services	21 South Street, 3rd Floor, Morristown, NJ 07960

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

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

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [X] No [ ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A	Bank of New York Mellon	03/01/2010	Custodian for new asset types

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
N/A	Liberty Mutual Group Inc.	175 Berkeley St., Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley St., Boston, MA 02116
N/A	Stancorp Mortgage Advisors	1100 SW Sixth Avenue, Portland, OR 97204

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
		0
		0
28.2999 TOTAL		0

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	3,225,170,186	3,338,652,701	113,482,515
29.2 Preferred stocks	11,431,980	11,729,630	297,650
29.3 Totals	3,236,602,166	3,350,382,331	113,780,165

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

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [X]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

31.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? $ 6,595

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

1 Name	2 Amount Paid
Insurance Services Office Inc	3,520
	0
	0

33.1 Amount of payments for legal expenses, if any? $ 696,584

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

1 Name	2 Amount Paid
	0
	0
	0

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 49,771

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61	Total premium earned	$ 0
1.62	Total incurred claims	$ 0
1.63	Number of covered lives	0

All years prior to most current three years:

1.64	Total premium earned	$ 0
1.65	Total incurred claims	$ 0
1.66	Number of covered lives	0

1.7 Group policies:

Most current three years:

1.71	Total premium earned	$ 0
1.72	Total incurred claims	$ 0
1.73	Number of covered lives	0

All years prior to most current three years:

1.74	Total premium earned	$ 0
1.75	Total incurred claims	$ 0
1.76	Number of covered lives	0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 1,448,360
2.2	Premium Denominator	$ 2,104,092,719	$ 2,137,212,088
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 10,280,628	$ 1,586,040
2.5	Reserve Denominator	$ 3,218,483,563	$ 3,436,483,761
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ (1,260)
3.22	Non-participating policies	$ 346,666,853

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
See Note 21C

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we employ RiskLink v10.0 from RMS and AIR Clasic/2 v12.0. For workers' compensation, Liberty Mutual utilizes RiskLink v10.0 from RMS.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [X]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [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 reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, 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]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No [ ]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

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

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 8,398,942

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 1,050,062

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 244,800

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [X] No [ ] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From 0.00

12.42 To 9.00

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No [ ]

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of Credit $ 170,890,780

12.62 Collateral and other funds $ 50,486,680

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 73,409,400

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

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

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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

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

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

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

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ 0	$ 0	$ 0	$ 0	$ 0
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [ ] No [X]

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

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

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

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

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

18.4 If yes, please provide the balance of the funds adminstered as of the reporting date. $ 0

FIVE – YEAR HISTORICAL DATA

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

		1 2010	2 2009	3 2008	4 2007	5 2006
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,058,953,026	1,187,968,712	1,499,009,659	654,693,919	705,595,446
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	459,324,548	496,308,804	385,503,736	220,451,992	221,276,590
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	770,316,390	727,426,025	888,761,762	456,301,607	485,421,934
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	208,811,040	227,683,900	257,106,776	62,318,215	60,672,803
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)		22			
6.	Total (Line 35)	2,497,405,004	2,639,387,463	3,030,381,933	1,393,765,733	1,472,966,773
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,19.4)	877,352,532	974,486,881	1,084,558,992	603,986,106	652,947,059
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	421,797,809	452,276,436	298,867,262	219,476,939	220,381,612
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	702,557,428	645,820,076	733,095,049	451,396,385	480,617,899
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	149,031,643	166,312,961	155,607,313	60,485,129	58,459,260
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)		22			
12.	Total (Line 35)	2,150,739,412	2,238,896,376	2,272,128,616	1,335,344,559	1,412,405,830
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	(30,232,067)	89,758,817	60,719,680	33,433,529	94,543,462
14.	Net investment gain (loss) (Line 11)	225,022,066	182,330,441	169,032,368	182,455,170	182,755,795
15.	Total other income (Line 15)	(17,097,090)	(3,289,700)	(21,416,349)	(8,236,227)	(19,373,622)
16.	Dividends to policyholders (Line 17)	(718,951)	9,144,297	13,276,122	982,552	1,074,907
17.	Federal and foreign income taxes incurred (Line 19)	13,743,662	62,522,399	135,449,037	64,837,057	50,824,266
18.	Net income (Line 20)	164,668,198	197,132,862	59,610,540	141,832,863	206,026,462
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	4,842,037,189	5,277,204,131	4,943,004,035	4,581,054,663	4,349,755,979
20.	Premiums and considerations (Page 2, Col. 3)					
	20.1 In course of collection (Line 15.1)	73,231,496	80,823,397	70,158,197	50,684,131	46,564,122
	20.2 Deferred and not yet due (Line 15.2)	588,965,763	573,885,732	541,515,013	281,834,256	301,038,867
	20.3 Accrued retrospective premiums (Line 15.3)	1,868,815	3,331,257	10,421,842		
21.	Total liabilities excluding protected cell business (Page 3, Line 26)	3,724,882,476	3,941,032,445	3,834,866,528	3,224,622,680	3,267,058,181
22.	Losses (Page 3, Line 1)	1,821,831,326	1,917,660,827	2,009,472,054	1,677,965,466	1,691,731,260
23.	Loss adjustment expenses (Page 3, Line 3)	406,608,066	456,561,292	460,148,275	431,360,327	425,810,931
24.	Unearned premiums (Page 3, Line 9)	990,044,170	938,631,360	860,020,840	608,749,439	633,754,616
25.	Capital paid up (Page 3, Lines 30 & 31)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
26.	Surplus as regards policyholders (Page 3, Line 37)	1,117,154,713	1,336,171,686	1,108,137,507	1,356,431,987	1,082,717,796
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	(117,060,928)	206,551,300	479,445,684	90,829,372	282,882,523
	Risk-Based Capital Analysis					
28.	Total adjusted capital	1,117,154,713	1,336,171,686	1,035,405,036	1,356,431,987	1,082,717,796
29.	Authorized control level risk-based capital	199,436,790	200,799,926	197,456,092	208,590,041	190,041,651
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30.	Bonds (Line 1)	79.6	81.6	78.6	79.2	77.5
31.	Stocks (Lines 2.1 & 2.2)	12.6	8.5	10.1	16.6	21.1
32.	Mortgage loans on real estate (Lines 3.1 and 3.2)	2.8	2.2	2.2		
33.	Real estate (Lines 4.1, 4.2 & 4.3)	0.8	0.5	0.4	0.5	0.7
34.	Cash, cash equivalents and short-term investments (Line 5)	3.6	7.0	8.7	3.8	0.5
35.	Contract loans (Line 6)					
36.	Derivatives (Line 7)		XXX	XXX	XXX	XXX
37.	Other invested assets (Line 8)	0.0	0.1	0.0		
38.	Receivables for securities (Line 9)	0.0		0.0		0.3
39.	Securities lending reinvested collateral assets (Line 10)	0.6	XXX	XXX	XXX	XXX
40.	Aggregate write-ins for invested assets (Line 11)					
41.	Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
42.	Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43.	Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44.	Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	293,678,584	280,770,518	340,068,880	348,118,468	354,290,617
45.	Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46.	Affiliated mortgage loans on real estate					
47.	All other affiliated	49,851	49,851			
48.	Total of above Lines 42 to 47	293,728,435	280,820,369	340,068,880	348,118,468	354,290,617
49.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	26.3	21.0	30.7	25.7	32.7

FIVE – YEAR HISTORICAL DATA
(Continued)

		1	2	3	4	5
		2010	2009	2008	2007	2006
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	(6,750,435)	31,959,245	(38,874,289)	(27,360,394)	42,333,892
51.	Dividends to stockholders (Line 35)	(400,000,000)	(5,000,000)	(352,820,372)	(95,000,000)	(195,000,000)
52.	Change in surplus as regards policyholders for the year (Line 38)	(219,016,973)	300,766,650	(322,922,967)	273,714,190	78,172,500
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	765,081,221	759,723,251	(132,905,381)	390,970,421	402,980,363
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	236,670,655	234,898,291	75,299,439	106,598,704	103,496,831
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	414,893,144	430,535,707	253,094,993	206,814,784	216,516,744
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	37,430,054	28,247,658	(23,805,607)	5,544,512	8,688,831
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	4,367,840	(37,942,395)	(251,170)		
58.	Total (Line 35)	1,458,442,914	1,415,462,512	171,432,274	709,928,421	731,682,769
	Net Losses Paid (Page 9, Part 2, Col. 4)					
59.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	650,338,495	589,937,286	349,355,375	330,592,437	340,961,213
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	216,145,650	212,893,360	131,411,743	106,891,886	103,118,442
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	374,431,113	387,303,859	302,802,191	205,698,729	213,937,452
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	29,490,478	23,509,157	(20,739,857)	4,625,604	5,926,310
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	4,367,840	(37,942,395)	(251,170)		
64.	Total (Line 35)	1,274,773,576	1,175,701,267	762,578,282	647,808,656	663,943,417
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66.	Losses incurred (Line 2)	56.0	50.7	52.4	46.6	51.0
67.	Loss expenses incurred (Line 3)	11.8	11.9	10.8	11.4	10.8
68.	Other underwriting expenses incurred (Line 4)	33.6	33.2	33.8	39.5	31.6
69.	Net underwriting gain (loss) (Line 8)	(1.4)	4.2	3.0	2.5	6.6
	Other Percentages					
70.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	33.7	31.9	31.2	40.9	33.2
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	67.8	62.6	63.2	58.0	61.8
72.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	192.5	167.6	219.4	98.4	130.5
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(24,776)	(157,349)	(181,011)	(135,058)	(68,659)
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.9)	(15.2)	(13.3)	(12.5)	(6.8)
	Two Year Loss Development (000 omitted)					
75.	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)	(125,789)	(226,742)	(312,691)	(156,266)	(82,286)
76.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(12.1)	(16.7)	(28.9)	(15.6)	(8.5)

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

If no, please explain:
Not applicable.

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned: 1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss and Loss Expense Payments: Loss Payments: 4 Direct and Assumed	5 Ceded	Defense and Cost Containment Payments: 6 Direct and Assumed	7 Ceded	Adjusting and Other Payments: 8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
1. Prior	X X X	X X X	X X X	28,237	2,847	7,821	225	1,711	260	690	34,437	X X X
2. 2001	1,710,383	106,193	1,604,190	1,095,245	76,576	80,870	4,344	133,988	4,240	60,707	1,224,943	X X X
3. 2002	1,859,832	182,837	1,676,995	1,022,511	101,179	76,563	7,041	131,504	6,461	60,291	1,115,897	X X X
4. 2003	2,030,459	169,583	1,860,876	989,328	85,264	68,720	5,000	148,531	6,808	61,220	1,109,507	X X X
5. 2004	2,185,106	120,560	2,064,546	1,013,898	40,679	62,507	2,257	145,686	3,042	76,681	1,176,113	X X X
6. 2005	2,276,387	92,200	2,184,187	1,032,273	40,919	64,411	2,426	152,657	2,230	72,487	1,203,766	X X X
7. 2006	2,273,370	101,530	2,171,840	1,020,476	23,032	59,659	2,848	153,305	3,293	61,860	1,204,267	X X X
8. 2007	2,320,357	113,322	2,207,035	1,010,259	22,155	52,348	2,380	151,370	2,036	63,687	1,187,406	X X X
9. 2008	2,315,798	86,096	2,229,702	1,078,121	32,336	42,207	1,994	166,389	1,551	56,323	1,250,836	X X X
10. 2009	2,172,724	135,882	2,036,842	815,707	56,203	22,305	2,567	142,425	981	48,272	920,686	X X X
11. 2010	2,147,517	43,424	2,104,093	584,997	2,834	8,516	172	132,417	132	29,504	722,792	X X X
12. Totals	X X X	X X X	X X X	9,691,052	484,024	545,927	31,254	1,459,983	31,034	591,722	11,150,650	X X X

	Losses Unpaid: Case Basis: 13 Direct and Assumed	14 Ceded	Bulk + IBNR: 15 Direct and Assumed	16 Ceded	Defense and Cost Containment Unpaid: Case Basis: 17 Direct and Assumed	18 Ceded	Bulk + IBNR: 19 Direct and Assumed	20 Ceded	Adjusting and Other Unpaid: 21 Direct and Assumed	22 Ceded	23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
1. Prior	243,007	86,157	144,421	17,496	8,755	1,950	28,010	3,274	22,460	499	7,642	337,277	X X X
2. 2001	23,292	4,022	6,662	1,724	399	23	2,928	283	1,724	48	1,059	28,905	X X X
3. 2002	27,168	5,033	7,032	1,415	580	49	2,936	240	1,841	41	1,134	32,779	X X X
4. 2003	21,438	4,611	9,361	1,206	613	4	4,330	221	2,163	32	1,355	31,831	X X X
5. 2004	25,718	5,476	14,820	1,548	623	3	4,781	259	2,324	44	3,825	40,936	X X X
6. 2005	34,139	2,965	18,428	2,088	1,117	4	8,255	398	3,492	37	4,638	59,939	X X X
7. 2006	59,294	3,519	21,691	3,795	1,670	6	12,761	694	5,648	33	10,258	93,017	X X X
8. 2007	104,401	2,877	37,461	6,385	3,030	9	20,180	988	10,406	35	8,207	165,184	X X X
9. 2008	148,529	2,357	84,372	10,852	4,937	17	37,348	1,899	14,886	70	18,943	274,877	X X X
10. 2009	206,415	4,878	147,165	10,049	4,390	151	51,547	2,979	25,137	54	27,590	416,543	X X X
11. 2010	326,093	1,819	294,112	2,912	3,420	1	72,567	186	55,886		45,258	747,160	X X X
12. Totals	1,219,494	123,714	785,525	59,470	29,534	2,217	245,643	11,421	145,967	893	129,909	2,228,448	X X X

	Total Losses and Loss Expenses Incurred: 26 Direct and Assumed	27 Ceded	28 Net	Loss and Loss Expense Percentage (Incurred/Premiums Earned): 29 Direct and Assumed	30 Ceded	31 Net	Nontabular Discount: 32 Loss	33 Loss Expense	34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount: 35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	283,775	53,502
2. 2001	1,345,108	91,260	1,253,848	78.644	85.938	78.161			20.400	24,208	4,697
3. 2002	1,270,135	121,459	1,148,676	68.293	66.430	68.496			20.400	27,752	5,027
4. 2003	1,244,484	103,146	1,141,338	61.291	60.823	61.333			20.400	24,982	6,849
5. 2004	1,270,357	53,308	1,217,049	58.137	44.217	58.950			20.400	33,514	7,422
6. 2005	1,314,772	51,067	1,263,705	57.757	55.387	57.857			20.400	47,514	12,425
7. 2006	1,334,504	37,220	1,297,284	58.702	36.659	59.732			20.400	73,671	19,346
8. 2007	1,389,455	36,865	1,352,590	59.881	32.531	61.285			20.400	132,600	32,584
9. 2008	1,576,789	51,076	1,525,713	68.088	59.324	68.427			20.400	219,692	55,185
10. 2009	1,415,091	77,862	1,337,229	65.130	57.301	65.652			20.400	338,653	77,890
11. 2010	1,478,008	8,056	1,469,952	68.824	18.552	69.862			20.400	615,474	131,686
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,821,835	406,613

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										DEVELOPMENT	
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 One Year	12 Two Year
1. Prior	1,034,031	1,076,370	1,142,157	1,150,489	1,185,578	1,203,683	1,211,354	1,195,907	1,242,724	1,269,776	27,052	73,869
2. 2001	1,120,206	1,114,177	1,121,653	1,125,129	1,125,665	1,121,910	1,127,232	1,117,472	1,125,464	1,124,097	(1,367)	6,625
3. 2002	XXX	1,073,866	1,068,387	1,058,735	1,036,352	1,032,610	1,024,251	1,017,382	1,023,625	1,023,415	(210)	6,033
4. 2003	XXX	XXX	1,057,687	1,038,300	1,012,434	1,007,199	1,014,155	1,006,355	1,002,674	998,628	(4,046)	(7,727)
5. 2004	XXX	XXX	XXX	1,189,486	1,160,628	1,145,519	1,095,679	1,089,012	1,076,451	1,073,538	(2,913)	(15,474)
6. 2005	XXX	XXX	XXX	XXX	1,241,259	1,194,033	1,135,002	1,127,775	1,114,032	1,111,040	(2,992)	(16,735)
7. 2006	XXX	XXX	XXX	XXX	XXX	1,221,593	1,196,675	1,165,423	1,139,371	1,143,102	3,731	(22,321)
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	1,309,381	1,274,649	1,194,954	1,194,337	(617)	(80,312)
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,417,238	1,352,779	1,347,491	(5,288)	(69,747)
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,209,841	1,171,715	(38,126)	XXX
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,282,275	XXX	XXX
									12. Totals		(24,776)	(125,789)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010		
1. Prior	000	318,739	521,019	645,325	731,938	794,201	840,819	880,584	906,646	939,632	XXX	XXX
2. 2001	555,472	803,956	918,615	991,505	1,032,320	1,056,466	1,070,596	1,082,373	1,089,248	1,095,195	XXX	XXX
3. 2002	XXX	489,390	716,388	824,465	899,979	938,586	960,934	975,070	982,695	990,854	XXX	XXX
4. 2003	XXX	XXX	493,835	711,145	815,331	883,294	929,181	949,213	961,273	967,784	XXX	XXX
5. 2004	XXX	XXX	XXX	512,381	769,488	889,404	960,630	1,002,701	1,023,493	1,033,469	XXX	XXX
6. 2005	XXX	XXX	XXX	XXX	524,554	778,866	900,639	979,781	1,029,357	1,053,339	XXX	XXX
7. 2006	XXX	XXX	XXX	XXX	XXX	534,217	793,683	906,668	997,893	1,054,255	XXX	XXX
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	555,131	824,564	948,355	1,038,072	XXX	XXX
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	643,663	951,794	1,085,998	XXX	XXX
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	537,631	779,242	XXX	XXX
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	590,507	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)									
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010
1. Prior	378,668	285,424	257,912	200,125	179,162	163,048	143,946	142,492	157,274	166,489
2. 2001	258,228	121,227	67,471	49,055	34,883	30,858	21,137	16,774	14,996	9,256
3. 2002	XXX	326,118	165,785	94,369	54,516	39,993	27,110	17,966	16,619	9,895
4. 2003	XXX	XXX	295,755	147,286	84,229	58,328	42,451	31,108	21,137	13,408
5. 2004	XXX	XXX	XXX	371,341	184,800	122,027	65,792	48,382	26,174	19,207
6. 2005	XXX	XXX	XXX	XXX	414,814	206,289	104,307	64,670	36,832	25,414
7. 2006	XXX	XXX	XXX	XXX	XXX	374,149	188,360	114,835	55,304	31,408
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	386,820	201,784	95,079	51,720
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	420,609	185,059	110,401
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	368,702	186,697
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	364,075

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, Etc.	Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	4,141,459	4,386,335		2,602,206	1,849,340	7,529,443	24,981	
2. Alaska AK	L	14,480,280	(890,840)		3,068,499	3,103,475	12,846,883	87,345	
3. Arizona AZ	L	3,656,282	3,814,224		966,109	(2,537,464)	8,266,593	22,055	
4. Arkansas AR	L	1,749,046	1,918,882		902,476	1,089,163	4,143,237	10,550	
5. California CA	L	2,672,214	2,298,978			10,464,510	14,670,283	16,119	
6. Colorado CO	L	2,490,149	2,725,690		630,013	(885,308)	3,044,570	15,021	
7. Connecticut CT	L	6,985,265	7,912,460		2,738,926	4,775,219	29,052,557	42,135	
8. Delaware DE	L	639,669	653,093		437,508	(218,255)	1,133,477	3,858	
9. District of Columbia DC	L	650,784	744,528		186,710	(147,077)	1,024,660	3,926	
10. Florida FL	L	19,402,784	22,225,119		7,325,302	5,307,495	33,741,135	117,037	
11. Georgia GA	L	4,790,976	5,517,027		575,004	(1,843,076)	10,955,161	28,899	
12. Hawaii HI	L	140,946	208,612			29,926	275,735	850	
13. Idaho ID	L	2,060,747	4,868,380		598,859	269,380	1,468,783	12,430	
14. Illinois IL	L	10,863,876	11,318,544		16,083,945	2,426,268	20,977,527	65,531	
15. Indiana IN	L	5,395,684	5,840,198		2,761,812	(4,507)	7,982,659	32,547	
16. Iowa IA	L	502,654	449,363		132,706	(110,998)	1,907,371	3,032	
17. Kansas KS	L	1,707,841	2,114,716		568,904	(787,545)	1,923,495	10,302	
18. Kentucky KY	L	19,902,407	20,086,150		4,134,513	7,736,356	25,129,364	120,051	
19. Louisiana LA	L	3,962,137	4,464,057		5,004,902	6,868,583	5,906,268	23,900	
20. Maine ME	L	1,424,110	937,199			(130,302)	812,806	8,590	
21. Maryland MD	L	15,214,708	16,542,722		15,117,619	7,867,833	21,833,318	91,775	
22. Massachusetts MA	L	7,518,349	7,878,066		12,520,872	(1,557,651)	20,603,946	45,351	
23. Michigan MI	L	3,419,857	4,195,574		2,229,304	6,185,597	14,910,357	20,629	
24. Minnesota MN	L	1,316,330	1,356,224		320,456	68,009	3,454,781	7,940	
25. Mississippi MS	L	4,421,687	4,533,991		483,622	637,480	3,990,556	26,672	
26. Missouri MO	L	4,623,627	5,347,616		2,791,298	1,203,140	8,380,575	27,890	
27. Montana MT	L	1,518,039	1,826,396		164,162	342,707	604,563	9,157	
28. Nebraska NE	L	593,216	626,118		411,199	171,393	1,518,309	3,578	
29. Nevada NV	L	552,489	514,281		15,146	40,011	449,387	3,333	
30. New Hampshire NH	L	703,656	705,089		240,506	1,027,781	2,991,897	4,244	
31. New Jersey NJ	L	36,976,671	39,950,798		21,074,716	13,700,610	140,380,898	223,042	
32. New Mexico NM	L	4,418,526	5,201,123		1,725,086	754,496	4,024,171	26,652	
33. New York NY	L	12,040,366	20,465,449		6,065,011	8,246,896	55,518,471	72,627	
34. North Carolina NC	L	16,233,977	16,923,852		6,649,875	3,998,082	19,833,197	97,923	
35. North Dakota ND	L	226,347	220,740		125	(24,264)	364,143	1,365	
36. Ohio OH	L	14,455,571	15,147,941		4,139,919	1,805,843	15,694,838	87,196	
37. Oklahoma OK	L	14,130,902	15,070,026		11,444,025	9,376,176	13,880,299	85,237	
38. Oregon OR	L	10,460,013	13,529,957		2,563,789	1,768,019	7,311,510	63,095	
39. Pennsylvania PA	L	22,724,109	23,960,748		11,015,709	11,802,298	49,076,642	137,071	
40. Rhode Island RI	L	785,104	904,657		238,146	(388,579)	1,936,664	4,736	
41. South Carolina SC	L	4,508,484	4,663,358		4,727,720	(640,161)	11,546,440	27,195	
42. South Dakota SD	L	54,440	85,574		5,644	100,623	200,660	328	
43. Tennessee TN	L	6,464,589	7,173,821		1,838,189	(532,155)	9,590,405	38,994	
44. Texas TX	L	18,847,597	21,302,416		8,483,785	2,034,073	29,800,925	113,688	
45. Utah UT	L	3,557,144	4,200,228		999,641	(225,241)	3,009,452	21,457	
46. Vermont VT	L	38,386	49,168		2,187	436,032	449,953	232	
47. Virginia VA	L	5,279,418	6,064,394		1,378,314	1,078,992	15,273,413	31,845	
48. Washington WA	L	21,810,968	35,768,100		15,489,067	14,667,298	23,703,474	131,563	
49. West Virginia WV	L	841,729	935,744		147,990	(99,000)	721,130	5,077	
50. Wisconsin WI	L	3,331,686	3,385,221		2,260,926	1,715,875	3,659,950	20,097	
51. Wyoming WY	L	1,978,300	2,230,019		406,884	1,423,787	2,764,106	11,933	
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Alien OT	XXX								
59. Totals	(a) 51	346,665,595	382,352,126		183,669,326	124,241,183	680,270,437	2,091,081	

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

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines In the state; (N) None of the above - Not allowed to write business in the state.

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

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

*States employee's main work place - Worker's Compensation

*Location of Court - Surety

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

*Address of Assured - Other Accident and Health

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

*Location of Properties covered - Burglary and Theft

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

*Principal Location of Assured - Ocean Marine, Credit

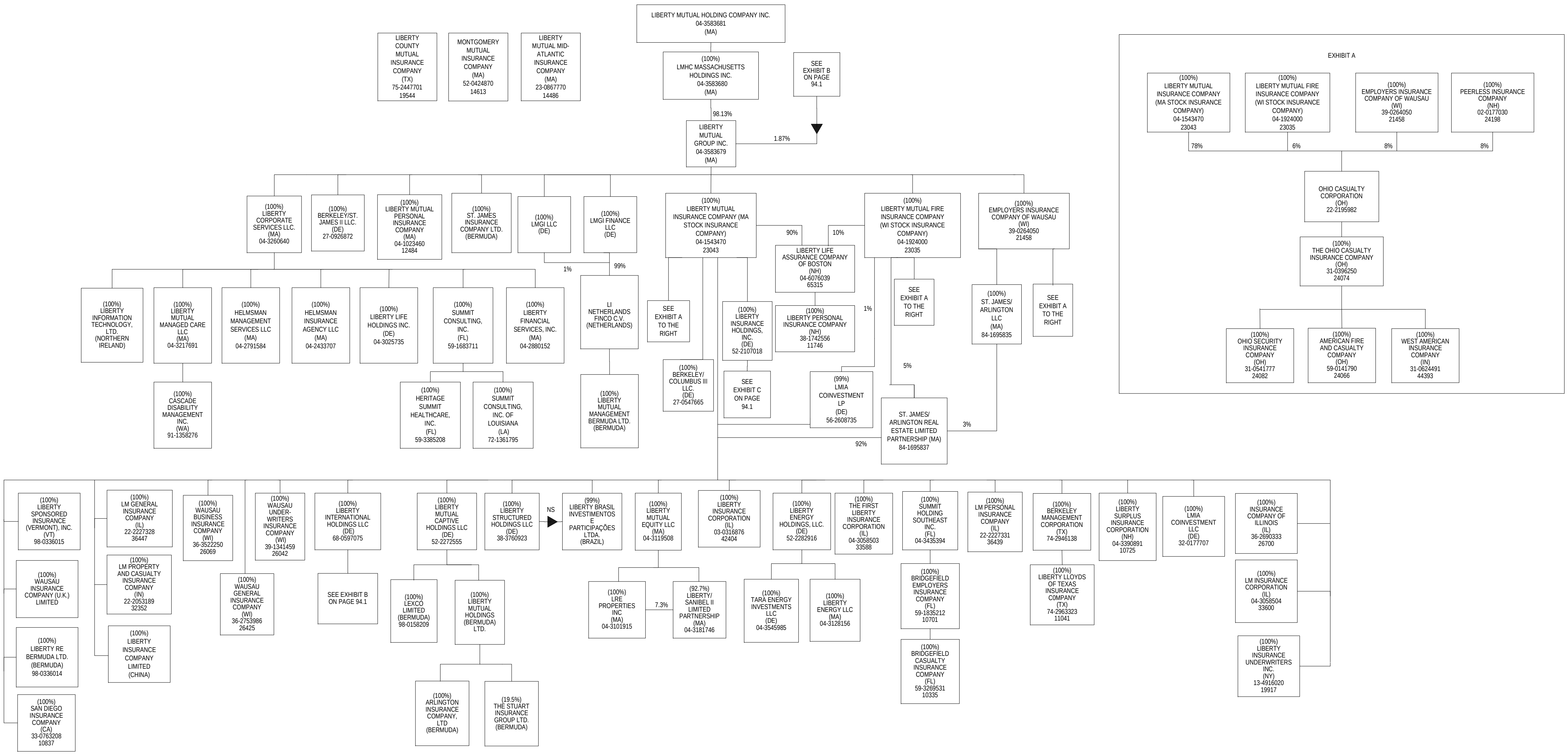
*State in which employees regularly work - Group Accident and Health

*Primary residence of Assured - Aircraft (all perils)

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

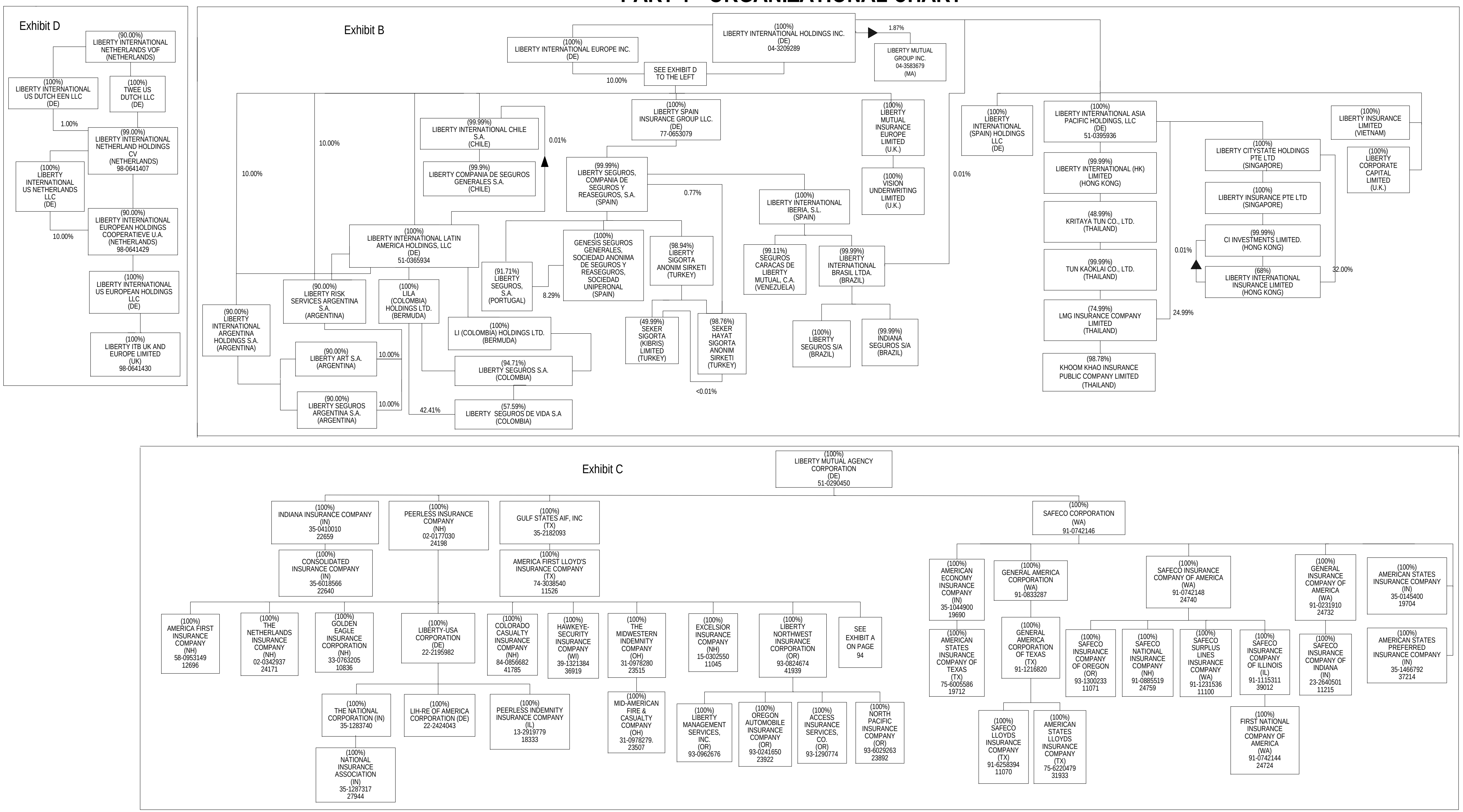
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Amounts held under uninsured plans	2,195,199	14,790,598
2505. Private passenger auto escrow	218,324	333,423
2506. Collateral held for securities loaned		104,210,522
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	2,413,523	119,334,543

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT