

ANNUAL STATEMENT

OF THE

WAUSAU BUSINESS INSURANCE COMPANY

of WAUSAU

in the state of WISCONSIN

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2008

PROPERTY AND CASUALTY

2008



26069200820100010

ANNUAL STATEMENT

For the Year Ended December 31, 2008
OF THE CONDITION AND AFFAIRS OF THE

Wausau Business Insurance Company

NAIC Group Code	0111 (Current Period)	0111 (Prior Period)	NAIC Company Code	26069	Employer's ID Number	36-3522250	
Organized under the Laws of	Wisconsin			State of Domicile or Port of Entry		Wisconsin	
Country of Domicile	United States of America						
Incorporated/Organized:	December 27, 1907			Commenced Business:			December 27, 1907
Statutory Home Office:	2000 Westwood Drive (Street and Number)			Wausau, WI 54401	(City or Town, State and Zip Code)		
Main Administrative Office:	2000 Westwood Drive (Street and Number)			Wausau, WI 54401	(City or Town, State and Zip Code)		
				715-845-5211	(Area Code) (Telephone Number)		
Mail Address:	Post Office Box 8017 (Street and Number or P.O. Box)			Wausau, WI 54402-8017	(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 Website Address:	www.wausau.com						
Statutory Statement Contact:	Joanne Connolly (Name)			617-357-9500 x44393	(Area Code) (Telephone Number) (Extension)		
	Joanne.Connolly@LibertyMutual.com (E-Mail Address)			617-574-5955	(Fax Number)		

OFFICERS

	Name	Title
1.	Susan Marie Doyle #	President and Chief Operating Officer
2.	James Stanley Hoffert	Vice President-General Counsel and Secretary
3.	Laurance Henry Soyer Yahia	Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Michael Lynn Parker #	EVP GM Field Operations	Timothy Charles Mulloy	SVP GM Signature Division
Eugene Bernard Kelly	SVP GM Eastern Division		

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Susan Marie Doyle #	Dexter Robert Legg #	Edmund Francis Kelly
Dennis James Langwell	Christopher Charles Mansfield	James Paul Condryn, III #	

State of Wisconsin
County of Marathon 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) Susan Marie Doyle (Printed Name) 1. President and Chief Operating Officer (Title)	(Signature) James Stanley Hoffert (Printed Name) 2. Vice President-General Counsel and Secretary (Title)	(Signature) Laurance Henry Soyer Yahia (Printed Name) 3. Vice President and Treasurer (Title)
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Subscribed and sworn to before me this 2nd day of February, 2009	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
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ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	117,740,028		117,740,028	118,448,482
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 (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 1,723,517, Schedule E - Part 1), cash equivalents (\$ 4,896,399, Schedule E - Part 2), and short-term investments (\$ 15,552,195, Schedule DA)	22,172,111		22,172,111	17,245,097
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				31,354
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	139,912,139		139,912,139	135,724,933
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	1,258,872		1,258,872	1,247,733
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	5,063,426	79,907	4,983,519	4,246,781
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	9,706,858		9,706,858	11,001,927
13.3 Accrued retrospective premiums	2,129,668	212,967	1,916,701	2,043,160
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	21,875,976		21,875,976	14,356,359
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	938	14	924	843
16.1 Current federal and foreign income tax recoverable and interest thereon	375,208		375,208	
16.2 Net deferred tax asset	5,811,000	3,189,700	2,621,300	2,780,158
17. Guaranty funds receivable or on deposit	171,591		171,591	155,744
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	2,316,086		2,316,086	2,792,734
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	3,479,085	151,887	3,327,198	2,275,022
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	192,100,847	3,634,475	188,466,372	176,625,394
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	192,100,847	3,634,475	188,466,372	176,625,394

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	522,775	93,196	429,579	110,804
2302. Cash surrender value - life insurance	1,837,321		1,837,321	1,078,659
2303. Equities and deposits in pools & associations	189,945		189,945	169,883
2398. Summary of remaining write-ins for Line 23 from overflow page	929,044	58,691	870,353	915,676
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	3,479,085	151,887	3,327,198	2,275,022

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	66,427,802	66,375,561
2. Reinsurance payable on paid losses and loss adjustment expenses	3,297,681	2,656,220
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	12,998,554	13,558,122
4. Commissions payable, contingent commissions and other similar charges	506,371	711,298
5. Other expenses (excluding taxes, licenses and fees)	1,693,647	1,861,398
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,353,485	1,321,164
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		33,866
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 \$ 116,327,990 and including warranty reserves of \$ 0)	17,497,338	19,387,033
10. Advance premium	316,272	210,795
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	5,991	67,471
12. Ceded reinsurance premiums payable (net of ceding commissions)	24,422,673	15,427,480
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	254,904	338,393
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	1,544,034	1,509,214
19. Payable to parent, subsidiaries and affiliates	407,309	1,675,791
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	4,092,172	1,281,730
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	134,818,233	126,415,536
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	134,818,233	126,415,536
27. Aggregate write-ins for special surplus funds	5,048,336	5,000,661
28. Common capital stock	10,900,000	10,900,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	42,900,000	42,900,000
33. Unassigned funds (surplus)	(5,200,197)	(8,590,803)
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	53,648,139	50,209,858
36. Totals (Page 2, Line 26, Col. 3)	188,466,372	176,625,394

DETAILS OF WRITE-IN LINES		
2301. Other liabilities	2,048,769	895,065
2302. Pooled retroactive reinsurance	(8,867,324)	(9,123,942)
2303. Amounts held under uninsured plans	3,067,179	2,983,403
2398. Summary of remaining write-ins for Line 23 from overflow page	7,843,548	6,527,204
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	4,092,172	1,281,730
2701. Special surplus from retroactive reinsurance	5,048,336	5,000,661
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	5,048,336	5,000,661
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	44,442,231	47,202,853
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	30,115,502	29,232,984
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	7,015,604	7,484,050
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	9,836,109	13,101,427
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	46,967,215	49,818,461
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(2,524,984)	(2,615,608)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,548,442	6,467,903
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))		101,862
11. Net investment gain (loss) (Lines 9 + 10)	6,548,442	6,569,765
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 12,823 amount charged off \$ 369,510)	(356,687)	(84,965)
13. Finance and service charges not included in premiums	221,882	225,987
14. Aggregate write-ins for miscellaneous income	(359,806)	(569,166)
15. Total other income (Lines 12 through 14)	(494,611)	(428,144)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,528,847	3,526,013
17. Dividends to policyholders	107,163	279,090
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)	3,421,684	3,246,923
19. Federal and foreign income taxes incurred	(110,950)	301,641
20. Net income (Line 18 minus Line 19) (to Line 22)	3,532,634	2,945,282
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	50,209,858	47,280,061
22. Net income (from Line 20)	3,532,634	2,945,282
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(353,000)	(455,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	351,462	423,248
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(92,815)	16,267
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	3,438,281	2,929,797
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	53,648,139	50,209,858

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Other income/(expense)	(408,366)	(622,905)
1402. Retroactive reinsurance gain/(loss)	48,560	53,739
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(359,806)	(569,166)
3701. Other changes in surplus	(92,815)	16,267
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(92,815)	16,267

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	52,513,947	58,937,235
2. Net investment income	6,782,883	6,738,551
3. Miscellaneous income	(786,425)	(1,142,693)
4. Total (Lines 1 through 3)	58,510,405	64,533,093
5. Benefit and loss related payments	36,652,330	28,635,836
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	17,683,571	19,534,015
8. Dividends paid to policyholders	168,643	235,679
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	298,124	896,025
10. Total (Lines 5 through 9)	54,802,668	49,301,555
11. Net cash from operations (Line 4 minus Line 10)	3,707,737	15,231,538
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	15,193,662	20,863,209
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	31,354	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	15,225,016	20,863,209
13. Cost of investments acquired (long-term only):		
13.1 Bonds	14,730,788	27,770,442
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		1,010,665
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,730,788	28,781,107
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)	494,228	(7,917,898)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	725,049	(6,885,178)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	725,049	(6,885,178)
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)	4,927,014	428,462
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	17,245,097	16,816,635
19.2 End of year (Line 18 plus Line 19.1)	22,172,111	17,245,097

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	1,021,715	548,428	537,079	1,033,064
2. Allied lines	504,790	247,888	252,759	499,919
3. Farmowners multiple peril	912			912
4. Homeowners multiple peril	5,511,293	3,690,728	2,623,321	6,578,700
5. Commercial multiple peril	936,142	491,082	498,899	928,325
6. Mortgage guaranty				
8. Ocean marine	156,080	75,984	65,232	166,832
9. Inland marine	2,813,367	159,865	161,762	2,811,470
10. Financial guaranty				
11.1 Medical malpractice—occurrence				
11.2 Medical malpractice—claims-made	5,548		1,339	4,209
12. Earthquake	201,307	80,712	81,880	200,139
13. Group accident and health	31			31
14. Credit accident and health (group and individual)				
15. Other accident and health	227		3	224
16. Workers' compensation	12,821,457	589,969	265,217	13,146,209
17.1 Other liability—occurrence	3,054,621	1,255,854	1,286,840	3,023,635
17.2 Other liability—claims-made	1,081,142	400,738	584,885	896,995
18.1 Products liability—occurrence	541,645	223,790	245,842	519,593
18.2 Products liability—claims-made	44,060	8,947	8,064	44,943
19.1,19.2 Private passenger auto liability	9,063,261	4,467,592	4,602,591	8,928,262
19.3,19.4 Commercial auto liability	1,695,061	739,415	646,762	1,787,714
21. Auto physical damage	2,780,925	3,219,300	3,295,273	2,704,952
22. Aircraft (all perils)	278,174	102,537	80,230	300,481
23. Fidelity	45,367	10,373	16,957	38,783
24. Surety	(678,757)	678,787	5	25
26. Burglary and theft	11,415	1,259	1,223	11,451
27. Boiler and machinery	11,140	7,290	4,355	14,075
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	624,821	58,646	57,981	625,486
32. Reinsurance-Nonproportional Assumed Liability	300,417	15,484	49,172	266,729
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	42,826,161	17,074,668	15,367,671	44,533,158

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	537,079				537,079
2. Allied lines	239,281	13,478			252,759
3. Farmowners multiple peril					
4. Homeowners multiple peril	2,623,321				2,623,321
5. Commercial multiple peril	337,921	160,978			498,899
6. Mortgage guaranty					
8. Ocean marine	45,611	19,621			65,232
9. Inland marine	153,619	8,143			161,762
10. Financial guaranty					
11.1 Medical malpractice—occurrence					
11.2 Medical malpractice—claims-made	1,333	6			1,339
12. Earthquake	81,267	614			81,881
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	3				3
16. Workers' compensation	2,184,321			(1,919,105)	265,216
17.1 Other liability—occurrence	1,372,451	28,111		(113,723)	1,286,839
17.2 Other liability—claims-made	334,987	249,898			584,885
18.1 Products liability—occurrence	288,067			(42,225)	245,842
18.2 Products liability—claims-made	8,064				8,064
19.1,19.2 Private passenger auto liability	4,602,591				4,602,591
19.3,19.4 Commercial auto liability	680,601	20,776		(54,615)	646,762
21. Auto physical damage	3,292,018	3,256		(1)	3,295,273
22. Aircraft (all perils)	80,230				80,230
23. Fidelity	16,307	650			16,957
24. Surety	5				5
26. Burglary and theft	1,222				1,222
27. Boiler and machinery	4,355				4,355
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	57,981				57,981
32. Reinsurance-Nonproportional Assumed Liability	49,172				49,172
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	16,991,807	505,531		(2,129,669)	15,367,669
36. Accrued retrospective premiums based on experience					2,129,669
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					17,497,338

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	38,778	1,021,715		38,778		1,021,715
2. Allied lines	82,563	504,790		82,563		504,790
3. Farmowners multiple peril		912				912
4. Homeowners multiple peril		5,511,293				5,511,293
5. Commercial multiple peril	44,309,030	936,142		44,309,030		936,142
6. Mortgage guaranty						
8. Ocean marine		156,080				156,080
9. Inland marine	(164)	2,813,367		(164)		2,813,367
10. Financial guaranty						
11.1 Medical malpractice—occurrence						
11.2 Medical malpractice—claims-made		5,548				5,548
12. Earthquake	250,882	201,307		250,882		201,307
13. Group accident and health		31				31
14. Credit accident and health (group and individual)						
15. Other accident and health		227				227
16. Workers' compensation	293,262,468	12,821,457		293,262,468		12,821,457
17.1 Other liability—occurrence	26,253,171	3,054,621		26,253,171		3,054,621
17.2 Other liability—claims-made		1,081,142				1,081,142
18.1 Products liability—occurrence	5,949,023	541,645		5,949,023		541,645
18.2 Products liability—claims-made		44,060				44,060
19.1,19.2 Private passenger auto liability		9,063,261				9,063,261
19.3,19.4 Commercial auto liability	35,559,763	1,695,061		35,559,763		1,695,061
21. Auto physical damage	7,600,595	2,780,925		7,600,595		2,780,925
22. Aircraft (all perils)		278,174				278,174
23. Fidelity	9,115	45,367		9,115		45,367
24. Surety		(678,757)				(678,757)
26. Burglary and theft	2,766	11,415		2,766		11,415
27. Boiler and machinery		11,140				11,140
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X	624,821				624,821
32. Reinsurance-Nonproportional Assumed Liability	X X X	300,417				300,417
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	413,317,990	42,826,161		413,317,990		42,826,161

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 [X] No []

If yes: 1. The amount of such installment premiums \$ 300,744,651

 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 290,301,877

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire		622,430		622,430	1,009,789	276,608	1,355,611	131.222
2. Allied lines	67,086	313,297	67,086	313,297	205,265	149,984	368,578	73.728
3. Farmowners multiple peril		1,722		1,722	320	93	1,949	213.706
4. Homeowners multiple peril		4,294,483		4,294,483	2,183,481	1,691,215	4,786,749	72.761
5. Commercial multiple peril	18,908,381	756,960	18,908,381	756,960	1,326,929	1,053,881	1,030,008	110.953
6. Mortgage guaranty								
8. Ocean marine		73,830		73,830	291,196	184,341	180,685	108.304
9. Inland marine		1,893,634		1,893,634	434,593	419,785	1,908,442	67.881
10. Financial guaranty								
11.1 Medical malpractice—occurrence		569		569	2,363	1,374	1,558	
11.2 Medical malpractice—claims-made		20		20	2,547		2,567	60.988
12. Earthquake		3		3	(303)	1,014	(1,314)	(0.657)
13. Group accident and health		2,404		2,404	11,495	12,219	1,680	5419.355
14. Credit accident and health (group and individual)								
15. Other accident and health		1,386		1,386	8,874	9,607	653	291.518
16. Workers' compensation	135,066,605	10,679,094	135,066,605	10,679,094	37,790,252	38,939,707	9,529,639	72.490
17.1 Other liability—occurrence	9,564,957	1,671,231	9,564,957	1,671,231	7,923,543	8,158,016	1,436,758	47.518
17.2 Other liability—claims-made		199,879		199,879	1,344,525	1,329,835	214,569	23.921
18.1 Products liability—occurrence	954,111	95,989	954,111	95,989	1,651,658	1,636,937	110,710	21.307
18.2 Products liability—claims-made		1,816		1,816	75,598	56,869	20,545	45.713
19.1,19.2 Private passenger auto liability		5,528,699		5,528,699	7,174,573	7,100,301	5,602,971	62.755
19.3,19.4 Commercial auto liability	21,008,921	1,214,960	21,008,921	1,214,960	2,639,233	2,667,837	1,186,356	66.362
21. Auto physical damage	7,031,825	1,511,167	7,031,825	1,511,167	35,608	(23,378)	1,570,153	58.047
22. Aircraft (all perils)		158,401		158,401	325,701	282,923	201,179	66.952
23. Fidelity		11,569		11,569	51,608	41,895	21,282	54.875
24. Surety		421,750		421,750	6,813	428,249	314	1256.000
26. Burglary and theft		342		342	226	(139)	707	6.174
27. Boiler and machinery		24		24	(2,308)	(1,147)	(1,137)	(8.078)
28. Credit					6	26	(20)	
29. International								
30. Warranty					55		55	
31. Reinsurance-Nonproportional Assumed Property	X X X	157,324		157,324	410,840	343,424	224,740	35.930
32. Reinsurance-Nonproportional Assumed Liability	X X X	191,332		191,332	1,505,345	1,594,965	101,712	38.133
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	4,443		4,443	17,978	19,119	3,302	
34. Aggregate write-ins for other lines of business								
35. TOTALS	192,601,886	29,808,758	192,601,886	29,808,758	66,427,803	66,375,560	29,861,001	67.053

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
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire		828,226		828,226	(274,344)	181,563	(274,344)	1,009,789	56,662
2. Allied lines	31,326	125,663	31,326	125,663	2,717	79,602	2,717	205,265	19,501
3. Farmowners multiple peril		320		320				320	371
4. Homeowners multiple peril		1,252,315		1,252,315		931,165		2,183,480	411,599
5. Commercial multiple peril	22,311,112	1,025,635	22,311,112	1,025,635	20,901,736	301,294	20,901,736	1,326,929	446,212
6. Mortgage guaranty									
8. Ocean marine		185,106		185,106		106,089		291,195	41,786
9. Inland marine		116,338		116,338	3,893	318,256	3,893	434,594	42,875
10. Financial guaranty									
11.1 Medical malpractice—occurrence		1,155		1,155		1,208		2,363	69
11.2 Medical malpractice—claims-made						2,547		2,547	
12. Earthquake		693		693	172,149	(996)	172,149	(303)	134
13. Group accident and health		4,039		4,039		7,456		(a) 11,495	952
14. Credit accident and health (group and individual)									
15. Other accident and health		532		532		8,341		(a) 8,873	379
16. Workers' compensation	200,736,659	21,159,407	200,736,659	21,159,407	227,454,838	16,630,845	227,454,838	37,790,252	4,761,807
17.1 Other liability—occurrence	19,561,749	3,616,312	19,561,749	3,616,312	10,940,788	4,307,231	10,940,788	7,923,543	3,263,766
17.2 Other liability—claims-made		322,367		322,367		1,022,158		1,344,525	536,333
18.1 Products liability—occurrence	2,243,694	415,858	2,243,694	415,858	7,617,662	1,235,800	7,617,662	1,651,658	899,927
18.2 Products liability—claims-made		574		574		75,024		75,598	35,989
19.1,19.2 Private passenger auto liability		4,524,103		4,524,103		2,650,470		7,174,573	1,602,601
19.3,19.4 Commercial auto liability	28,625,698	1,380,989	28,625,698	1,380,989	14,614,386	1,258,244	14,614,386	2,639,233	474,235
21. Auto physical damage		4,099		4,099		31,509		35,608	211,817
22. Aircraft (all perils)		205,818		205,818		119,883		325,701	95,551
23. Fidelity		7,287		7,287	3,164	44,320	3,164	51,607	7,986
24. Surety		3,457		3,457		3,355		6,812	(378)
26. Burglary and theft		97		97	563	129	563	226	5,085
27. Boiler and machinery		143		143	(126)	(2,450)	(126)	(2,307)	382
28. Credit						6		6	
29. International									
30. Warranty						55		55	
31. Reinsurance-Nonproportional Assumed Property	X X X	202,949		202,949	X X X	207,891		410,840	9,785
32. Reinsurance-Nonproportional Assumed Liability	X X X	517,287		517,287	X X X	988,059		1,505,346	70,316
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	17,399		17,399	X X X	579		17,978	2,810
34. Aggregate write-ins for other lines of business									
35. TOTALS	273,510,238	35,918,168	273,510,238	35,918,168	281,437,426	30,509,633	281,437,426	66,427,801	12,998,552

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	43,388,901			43,388,901
1.2 Reinsurance assumed	3,415,620			3,415,620
1.3 Reinsurance ceded	43,388,901			43,388,901
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	3,415,620			3,415,620
2. Commission and brokerage:				
2.1 Direct, excluding contingent		21,872,001		21,872,001
2.2 Reinsurance assumed, excluding contingent		(1,592,564)		(1,592,564)
2.3 Reinsurance ceded, excluding contingent		21,871,999		21,871,999
2.4 Contingent—direct		3,973,817		3,973,817
2.5 Contingent—reinsurance assumed		299,829		299,829
2.6 Contingent—reinsurance ceded		3,973,817		3,973,817
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)		(1,292,733)		(1,292,733)
3. Allowances to manager and agents		398,847		398,847
4. Advertising	77,051	766,779	345	844,175
5. Boards, bureaus and associations	11,283	91,172	9	102,464
6. Surveys and underwriting reports	711	123,039	169	123,919
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	2,002,046	4,451,431	31,884	6,485,361
8.2 Payroll taxes	116,117	278,004	1,780	395,901
9. Employee relations and welfare	304,670	731,179	1,809	1,037,658
10. Insurance	121,434	40,349	63	161,846
11. Directors' fees	6	754		760
12. Travel and travel items	146,001	377,748	608	524,357
13. Rent and rent items	157,738	367,314	713	525,765
14. Equipment	118,443	289,642	649	408,734
15. Cost or depreciation of EDP equipment and software	24,963	182,602	211	207,776
16. Printing and stationery	22,604	83,254	88	105,946
17. Postage, telephone and telegraph, exchange and express	87,575	270,797	238	358,610
18. Legal and auditing	14,320	78,576	2,690	95,586
19. Totals (Lines 3 to 18)	3,204,962	8,531,487	41,256	11,777,705
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 33,548		1,681,487		1,681,487
20.2 Insurance department licenses and fees		58,263		58,263
20.3 Gross guaranty association assessments		28,565		28,565
20.4 All other (excluding federal and foreign income and real estate)		65,618		65,618
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,833,933		1,833,933
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	395,022	763,424	3,983	1,162,429
25. Total expenses incurred	7,015,604	9,836,111	45,239	(a) 16,896,954
26. Less unpaid expenses—current year	12,998,552	3,553,503		16,552,055
27. Add unpaid expenses—prior year	13,558,122	3,893,860		17,451,982
28. Amounts receivable relating to uninsured plans, prior year		843		843
29. Amounts receivable relating to uninsured plans, current year		924		924
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	7,575,174	10,176,549	45,239	17,796,962

DETAILS OF WRITE-IN LINES				
2401. Change in unallocated expense reserves	240,839			240,839
2402. Other expenses	154,183	763,424	3,983	921,590
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	395,022	763,424	3,983	1,162,429

(a) Includes management fees of \$ 45,239 to affiliates and \$ 472,873 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,620,805	1,579,855
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 4,533,103	4,586,950
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 447,753	445,996
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(19,119)	(19,119)
10. Total gross investment income	6,582,542	6,593,682
11. Investment expenses		(g) 45,239
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		45,239
17. Net investment income (Line 10 minus Line 16)		6,548,443

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income/(Expense)		(19,119)	(19,119)
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)		(19,119)	(19,119)
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 \$ 98,228 accrual of discount less \$ 343,808 amortization of premium and less \$ 39,642 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					

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	2	3
	Current Year	Prior Year	Change in Total
	Total	Total	Nonadmitted
	Nonadmitted	Nonadmitted	Assets
	Assets	Assets	(Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	79,907	188,068	108,161
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		20	20
13.3 Accrued retrospective premiums	212,967	269,023	56,056
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans	14	12,846	12,832
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	3,189,700	3,383,842	194,142
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	151,887	139,365	(12,522)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,634,475	3,993,164	358,689
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	3,634,475	3,993,164	358,689

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	93,196	85,635	(7,561)
2302. Amounts receivable under high deductible policies	58,691	53,730	(4,961)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	151,887	139,365	(12,522)

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 Wisconsin, the accompanying financial statements of Wausau Business Insurance Company (the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures Manual* (“APP Manual”).

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. The Company does not own common stocks.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or market based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. The Company does not own any subsidiaries, controlled and (“SCA”) affiliated entities.
8. The Company has no investments in joint ventures, partnerships or limited liability companies.
9. Derivative Securities refer to Note 8.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2008.
13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

NOTES TO FINANCIAL STATEMENTS

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

E. Repurchase Agreements

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

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	4,608,720	115,072	287,679	2,832,077	7,843,548

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

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

NOTES TO FINANCIAL STATEMENTS

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2008.

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

	December 31, 2008	December 31, 2007	Change
Total of gross deferred tax assets	6,336,000	6,827,000	(491,000)
Total of deferred tax liabilities	(525,000)	(663,000)	138,000
Net deferred tax asset	5,811,000	6,164,000	(353,000)
Net deferred tax asset non-admitted	(3,190,000)	(3,383,842)	193,842
Net admitted deferred tax asset	2,621,000	2,780,158	(159,158)

B. The Company does not have any deferred tax liabilities described in SSAP No. 10, Income Taxes, paragraph 6d.

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

	2008	2007
Federal tax on operations	(110,950)	301,641
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	(110,950)	301,641
Tax on capital (losses) gains	0	54,849
Total income tax incurred	(110,950)	356,490

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

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

	2008
Change in net deferred income tax (without unrealized gain or loss)	(353,000)
Tax effect of unrealized (gains) losses	0
Total change in net deferred income tax	(353,000)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of goodwill and discounting of unpaid loss and LAE reserves.

E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$156,000 from the current year and \$611,000 from the preceding year.

The Company has no net loss carryforward 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 Services Code.

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

Access Insurance Services, Co.	Liberty Mutual Group Inc.
AMBCO Capital Corporation	Liberty Mutual Holding Company Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyds Insurance Company	Liberty Mutual Personal Insurance Company
American Ambassador Casualty Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company*	Liberty Personal Insurance Company
American Fire & Casualty Company	Liberty RE (Bermuda) Limited
American States Insurance Company*	Liberty Sponsored Insurance (Vermont) Inc.
American States Insurance Company of Texas*	Liberty Surplus Insurance Corporation
American States Lloyds Insurance Company*	LIH U.S. P&C Corporation
American States Preferred Insurance*	LIH-RE of America Corporation
Avomark Insurance Company	LIU Specialty Insurance Agency Inc.
Berkeley Holding Company Associates, Inc.	LM General Insurance Company
Berkeley Management Corporation	LM Insurance Corporation

NOTES TO FINANCIAL STATEMENTS

Bridgefield Casualty Insurance Company	LM Personal Insurance Company
Bridgefield Employers Insurance Company	LM Property & Casualty Insurance Company
Capitol Court Corporation*	LMHC Massachusetts Holdings Inc.
Capitol Agency, Inc., The (Arizona corporation)	LRE Properties, Inc.
Capitol Agency, Inc., The (Ohio corporation)	Mid-American Agency, Inc.
Capitol Agency, Inc., The (Tennessee corporation)	Mid-American Fire & Casualty Company
Cascade Disability Management, Inc.	Missouri Agency, Inc.
Colorado Casualty Insurance Company	North Pacific Insurance Company
Commercial Aviation Insurance, Inc.*	OCASCO Budget, Inc.
Companies Agency Insurance Services of California (dissolved 8/15/2008)	OCI Printing, Inc.
Companies Agency of Alabama, Inc. (dissolved 8/18/2008)	Ohio Casualty Corporation
Companies Agency of Georgia, Inc. (dissolved 8/15/2008)	Ohio Casualty of New Jersey, Inc.
Companies Agency of Kentucky, Inc. (dissolved 8/14/2008)	Ohio Life Brokerage Services, Inc.
Companies Agency of Massachusetts, Inc. (dissolved 8/29/08)	Ohio Security Insurance Company
Companies Agency of Michigan, Inc. (dissolved 8/15/2008)	Open Seas Solutions, Inc.*
Companies Agency of New York, Inc.	Oregon Automobile Insurance Company
Companies Agency of Pennsylvania, Inc.	Peerless Indemnity Insurance Company
Companies Agency of Phoenix, Inc.	Peerless Insurance Company
Consolidated Insurance Company	Pilot Insurance Services, Inc.*
Copley Venture Capital, Inc.	Rianoc Research Corporation*
Countrywide Services Corporation (dissolved 10/17/2008)	S.C. Bellevue, Inc.*
Diversified Settlements, Inc.	Safecare Company, Inc.*
Emerald City Insurance Agency, Inc.*	Safeco Corporation*
Employers Insurance Company of Wausau	Safeco General Agency, Inc.*
Excelsior Insurance Company	Safeco Insurance Company of America*
F.B. Beattie & Company, Inc.*	Safeco Insurance Company of Illinois*
First National Insurance Company of America*	Safeco Insurance Company of Indiana*
Florida State Agency, Inc.	Safeco Insurance Company of Oregon*
General America Corporation*	Safeco Lloyds Insurance Company*
General America Corporation of Texas *	Safeco National Insurance Company*
General Insurance Company of America*	Safeco Properties, Inc.*
Globe American Casualty Company	Safeco Surplus Lines Insurance Company*
Golden Eagle Insurance Corporation	San Diego Insurance Company
Gulf States AIF, Inc.	SCIT, Inc. *
Hawkeye-Security Insurance Company	St. James Insurance Company Ltd.
Heritage-Summit HealthCare, Inc.	State Agency, Inc. (Indiana corporation)
Indiana Insurance Company	State Agency, Inc. (Wisconsin corporation)
Insurance Company of Illinois*	Summit Consulting, Inc.
LEXCO Limited	Summit Consulting, Inc. of Louisiana
Liberty - USA Corporation	Summit Holding Southeast, Inc.
Liberty Assignment Corporation	The First Liberty Insurance Corporation
Liberty Energy Canada, Inc.	The Midwestern Indemnity Company
Liberty Financial Services, Inc.	The National Corporation
Liberty Hospitality Group, Inc.	The Netherlands Insurance Company
Liberty Insurance Company of America	The Ohio Casualty Insurance Company
Liberty Insurance Corporation	Wausau Business Insurance Company
Liberty Insurance Holdings, Inc.	Wausau General Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Service Corporation
Liberty Life Assurance Company of Boston	Wausau Underwriters Insurance Company
Liberty Life Holdings, Inc.	West American Insurance Company
Liberty Lloyds of Texas Insurance Company	Winmar Company, Inc.*
Liberty Management Services, Inc.	Winmar of the Desert, Inc.*
Liberty Mexico Holdings, Inc.	Winmar Oregon, Inc.*
Liberty Mutual Fire Insurance Company	Winmar-Metro, Inc.*

* This company joined the consolidated group in 2008 and its activity from the date it joined the group is included in the consolidated return.

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

NOTES TO FINANCIAL STATEMENTS

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Wausau Service Corporation ("WSC"), a Wisconsin company. WSA is wholly owned by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.
- C. Refer to Note 25.
- D. At December 31, 2008, the Company reported \$1,908,777 due from affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. See Note 25 for information regarding the Inter-Company Reinsurance Agreement.

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

The Company paid \$298,124 under the LMIC Tax Sharing Agreement and paid \$45,239 under the LMIC investment services agreement. Pursuant to the Inter-Company Reinsurance Agreement with LMIC (See Note 25), the expenses incurred under the Liberty Mutual management service agreement are allocated to the Company in accordance with the Company’s “Pool” participation percentage.

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

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company has no investments in subsidiary, controlled or affiliated companies.
- J. Impairment of subsidiaries

Refer to 10 I
- K. Investment in foreign insurance subsidiaries.

Refer to 10 I
- L. Investment in downstream noninsurance holding companies.

Refer to 10 I

Note 11- Debt

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

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

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

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

- 1. Common Stock

The Company has 20,000,000 shares authorized, and 10,900,000 shares issued and outstanding as of December 31, 2008. All shares have a stated par value of \$1.
- 2. Preferred Stock

Not applicable

NOTES TO FINANCIAL STATEMENTS

3. Dividend Restrictions
- There are no dividend restrictions.
4. The Company did not pay a dividend to its parent during 2008.
5. The maximum amount of dividends which can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of policyholders’ surplus, or (b) adjusted net income. The maximum dividend payout which may be made without prior approval in 2009 is \$5,364,814.
6. As of December 31, 2008, the Company has pre-tax restricted surplus of \$5,048,336 from retroactive reinsurance contracts.
7. The Company had no advances to surplus.
8. The Company did not hold stock for special purposes.
9. The Company had changes in special surplus funds resulting from retroactive reinsurance contracts during 2008.
10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$0.
11. Surplus Notes
- Not applicable
12. Quasi re-organization (dollar impact)
- Not applicable
13. Quasi re-organization (effective date)
- Not applicable

Note 14- Contingencies

- A. Contingent Commitments
- The Company has made no commitments, contingent commitments or guarantees on behalf of affiliates except as indicated in Note 10 E.
- B. Assessments
- The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred.
- The Company has accrued a liability for guaranty fund and other assessments of \$1,073,191 that is offset by future premium tax credits of \$171,591. This represents management’s best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company’s share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2008.
- During 2008 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.
- C. Gain Contingencies
- Not applicable
- D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits
- The company 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	\$96,329

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				

NOTES TO FINANCIAL STATEMENTS

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

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

E. All other Contingencies

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

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

Note 15- Leases

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

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2009	\$240,361	\$426,334
2010	105,221	400,202
2011	58,305	244,349
2012	58,146	164,232
2013	57,987	108,764
2014 & thereafter	43,338	742,559
Total	\$563,358	\$2,086,440

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

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

B. Transfers and servicing of financial assets:

The Company 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 fair value of the loaned securities. Acceptable collateral may be in the form of cash, Agency and U.S. Government securities. The fair value of the loaned securities is monitored and additional collateral is obtained if the fair value of the collateral falls below 102% of the fair 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, 2008 the total fair value of securities on loan was \$9,325,445, with corresponding collateral value of \$9,642,038 of which \$7,843,548 represents cash collateral.

C. Wash Sales

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

NOTES TO FINANCIAL STATEMENTS

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

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and net gain was \$4,257. Claim payment volume was \$320,044.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2008 and 2007.
- b) The Company's reported loss recoveries from the Special Disability Trust Fund was \$0 in 2008 and 2007.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$195,955 in 2008 and \$904,224 in 2007.

2) Assets in the amount of \$23,465,601 and \$22,994,927 as of December 31, 2008 and 2007, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold transferable state tax credits.

G. Sub-Prime Lending

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

H. The Company has not entered into Federal Home Loan Bank Agreements.

Note 21- Events Subsequent

There were no events subsequent to December 31, 2008 that would require disclosure.

Note 22- Reinsurance

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

B. There are no reinsurance recoverables in dispute from an individual rein surer 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.

NOTES TO FINANCIAL STATEMENTS

C. The following table sets forth the maximum return premium and commission equity due the rein surer or the Company if all of the Company’s assumed and ceded reinsurance was canceled as of December 31, 2008.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$17,497,338	\$340,920	\$116,327,990	\$7,274,283	\$(98,830,652)	\$(6,933,363)
All Other	0	0	0	0	0	0
Total	\$17,497,338	\$340,920	\$116,327,990	\$7,274,283	\$(98,830,652)	\$(6,933,363)

Direct Unearned Premium Reserve: \$116,327,990

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, 2008 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$320,015	\$0	\$320,015
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(780,000)	0	(780,000)
Totals	\$0	\$(459,985)	\$0	\$(459,985)

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

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(9,176,628)	\$0
	2. Adjustment – Prior Year(s)	832,685	0
	3. Adjustment – Current Year	256,619	0
	4. Total	\$(8,087,324)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(4,308,086)	\$0
	2. Adjustment – Prior Year(s)	(209,520)	0
	3. Adjustment – Current Year	0	0
	4. Total	\$(4,517,606)	\$0
c.	Amounts Recovered / Paid – Cumulative		
	1. Initial Reserves	\$(145,094)	\$0
	2. Adjustment – Prior Year(s)	(1,063,713)	0
	3. Adjustment – Current Year	(329,098)	0
	4. Total	\$(1,537,905)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$5,013,636	\$0
	2. Adjustment – Prior Year(s)	21,508	0
	3. Adjustment – Current Year	72,479	0
	4. Total	5,048,336	0
	5. Cumulative Total Transferred To Unassigned Funds	\$59,287	\$0
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(8,087,324)	\$0

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

G. There are no contracts recorded as deposit accounting.

Note 23 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.

NOTES TO FINANCIAL STATEMENTS

- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.
- D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated as non-admitted and charged to surplus.

Total accrued retro premium	\$2,129,668
Less: Non-admitted amount	212,967
Admitted amount	1,916,701

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expenses attributable to insured events in prior years decreased slightly in 2008, primarily as a result of a decrease in incurred losses and loss adjustment expenses in the property and auto liability lines of business. Original estimates are revised as additional information becomes known regarding individual claims.

Note 25- Inter-Company Pooling Arrangements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

- (g) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- (h) At December 31, 2008, the Company had \$4,209,000 due to the lead company in the Liberty Pool.

Note 26- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$4,351,830 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 \$4,351,830 as of December 31, 2008.
- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders’ surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

<u>Life Insurance Company & Location</u>	<u>Licensed in Company’s State of Domicile (Yes/No)</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$2,125,487
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$1,303,416
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$597,272

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

As of December 31, 2008, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

Note 30- High Dollar Deductible Policies

As of December 31, 2008, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$18,760,000 and the amount billed and recoverable on paid claims was \$929,044.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2008 liabilities subject to discount were carried at a value representing a discount of \$4,241,862 net of all reinsurance.

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

Note 32- Asbestos/Environmental Reserves

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

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

NOTES TO FINANCIAL STATEMENTS

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

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

Uncertainty Regarding Reserving Methodologies

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

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

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

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

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

Asbestos:	2004	2005	2006	2007	2008
Direct Basis					
Beginning Reserves	6,313,717	6,809,851	7,993,001	7,399,042	6,729,228
Incurred losses and LAE	1,648,295	2,216,955	402,075	924,810	570,577
Calendar year payments	1,152,161	1,033,805	996,034	1,594,624	1,047,117
Ending Reserves	6,809,851	7,993,001	7,399,042	6,729,228	6,252,688
Assumed Reinsurance Basis					
Beginning Reserves	1,049,035	1,958,363	2,055,519	2,173,851	2,833,006
Incurred losses and LAE	1,048,161	217,778	195,244	766,586	(30,287)
Calendar year payments	138,833	120,622	76,912	107,431	120,569
Ending Reserves	1,958,363	2,055,519	2,173,851	2,833,006	2,682,152
Net of Ceded Reinsurance Basis					
Beginning Reserves	4,498,356	3,805,873	4,169,424	3,588,089	3,189,340
Incurred losses and LAE	14,128	877,475	48,817	340,505	56,976
Calendar year payments	706,611	513,924	630,152	739,254	608,889
Ending Reserves	3,805,873	4,169,424	3,588,089	3,189,340	2,637,427
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					3,488,849
Assumed Reinsurance Basis					2,132,748
Net of Ceded Reinsurance Basis					1,370,952
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					2,102,106
Assumed Reinsurance Basis					16,858
Net of Ceded Reinsurance Basis					542,811

NOTES TO FINANCIAL STATEMENTS

<u>Environmental:</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Direct Basis					
Beginning Reserves	1,286,822	2,840,722	2,743,989	2,022,055	1,803,494
Incurred losses and LAE	1,840,494	634,264	191,403	23,525	27,349
Calendar year payments	286,594	730,997	913,337	242,086	337,875
Ending Reserves	2,840,722	2,743,989	2,022,055	1,803,494	1,492,968
Assumed Reinsurance Basis					
Beginning Reserves	223,666	283,539	209,276	191,789	163,421
Incurred losses and LAE	81,351	(48,921)	3,524	5,902	14,361
Calendar year payments	21,478	25,342	21,011	34,270	14,818
Ending Reserves	283,539	209,276	191,789	163,421	162,964
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,030,952	2,106,854	1,707,286	1,581,464	1,454,544
Incurred losses and LAE	1,263,944	2,037	80,803	39,276	(53)
Calendar year payments	188,042	401,605	206,625	166,196	208,143
Ending Reserves	2,106,854	1,707,286	1,581,464	1,454,544	1,246,348
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					938,031
Assumed Reinsurance Basis					98,818
Net of Ceded Reinsurance Basis					831,970
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					646,804
Assumed Reinsurance Basis					2,292
Net of Ceded Reinsurance Basis					451,640

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop 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 ☒ No ☐

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3 State Regulating?

Wisconsin

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2 If yes, date of change:

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

12/31/2004

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

12/31/2004

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

06/30/2006

3.4 By what department or departments?
State of Wisconsin Office of the Commissioner of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes ☐ No ☐ N/A ☒

3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ No ☒ N/A ☐

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

4.11 sales of new business?

Yes ☐ No ☒

4.12 renewals?

Yes ☐ No ☒

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

4.21 sales of new business?

Yes ☐ No ☒

4.22 renewals?

Yes ☐ No ☒

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

.....

.....

.....

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

7.2 If yes,

7.21 State the percentage of foreign control. _____

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

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

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

Ernst & Young, LLP

200 Clarendon Street

Boston, MA 02116

.....

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

Roy K. Morell

175 Berkeley Street, Boston, MA 02116

Officer of Liberty Mutual Insurance Company

.....

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

11.11 Name of real estate holding company _____

11.12 Number of parcels involved _____

11.13 Total book/adjusted carrying value \$ _____

11.2 If yes, provide explanation:

.....

.....

.....

GENERAL INTERROGATORIES

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

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

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

Yes [] No [X]

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

Yes [] No [X]

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

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

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

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

Yes [X] No []

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

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

Yes [X] No []

13.21 If the response to 13.2 is yes, provide information related to amendment(s).
Liberty Mutual Group's Code of Business Ethics and Conduct was revised effective March 2008. It continues to contain all substantive areas of company policy and requirements included in the prior Code, but has been rewritten to enhance clarity and readability and provide additional practical guidance. This applies to all Liberty Mutual Group companies.

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

Yes [] No [X]

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

BOARD OF DIRECTORS

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

Yes [X] No []

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

Yes [X] No []

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

Yes [X] No []

FINANCIAL

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

Yes [] No [X]

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

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

GENERAL INTERROGATORIES

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

18.21 To directors or other officers

18.22 To stockholders not officers

18.23 Trustees, supreme or grand (Fraternal only)

\$

0

\$

0

\$

0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [] No [X]

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

19.21 Rented from others

19.22 Borrowed from others

19.23 Leased from others

19.24 Other

\$

\$

\$

\$

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

20.22 Amount paid as expenses

20.23 Other amounts paid

\$

\$

\$

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

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

\$

0

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)?

Yes [X] No []

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

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

22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [X] No []

22.5 If answer to 22.4 is yes, report amount of collateral.

\$

9,642,038

22.6 If answer to 22.4 is no, report amount of collateral.

\$

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.)

Yes [X] No []

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

23.21 Subject to repurchase agreements

23.22 Subject to reverse repurchase agreements

23.23 Subject to dollar repurchase agreements

23.24 Subject to reverse dollar repurchase agreements

23.25 Pledged as collateral

23.26 Placed under option agreements

23.27 Letter stock or securities restricted as to sale

23.28 On deposit with state or other regulatory body

23.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

23,465,599

0

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP MORGAN CHASE	3 Chase Metro Tech Center, Brooklyn NY 21145

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

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

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

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

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	138,188,622	138,589,851	401,229
28.2 Preferred stocks	0	0	0
28.3 Totals	138,188,622	138,589,851	401,229

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

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

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 207,837

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

1	2
Name	Amount Paid
New York Compensation Insurance Rating Board	76,558
	0
	0

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

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

1	2
Name	Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

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

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

1 Name	2 Amount Paid
.....	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.

\$ _____

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

\$ _____

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.

\$ _____

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ _____

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$ _____

1.62 Total incurred claims

\$ _____

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

\$ _____

1.65 Total incurred claims

\$ _____

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$ _____

1.72 Total incurred claims

\$ _____

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

\$ _____

1.75 Total incurred claims

\$ _____

1.76 Number of covered lives

2. Health Test:

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	\$ 258	\$ 396
2.2	Premium Denominator	\$ 44,442,231	\$ 47,202,853
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	\$ 21,702	\$ 23,205
2.5	Reserve Denominator	\$ 100,221,374	\$ 101,976,937
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 [] No [X]

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

3.21 Participating policies

\$ _____

3.22 Non-participating policies

\$ _____

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?

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

\$ _____

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:

In 2008, the Company purchased a Workers Compensation Catastrophe Treaty with limits of \$400M part of \$500M xs \$700M.

16

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 v7.0 from RMS and AIR Clasic/2 v 8.0. For WC, Liberty Mutual utilizes RiskLink v7.0 from RMS.

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company has in force \$2.006B part of \$2.35B xs \$650M of traditional & collateralized XOL reins. and also maintained \$805M of ILW triggered reins. covering peak zones, mainly through the issuance of Cat Bonds. Also, in Dec 2008 the Company purchased a 31.725% QS treaty for its US HO portfolio.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes ☒ No ☐

6.5

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

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes ☒ No ☐

7.2

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

2

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes ☐ No ☒

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes ☐ No ☒

8.2

If yes, give full information

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

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.

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 31 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

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,
(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
(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.

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

Yes ☒ No ☐ N/A ☐

16.1

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

Yes [] No [X]

11.2

If yes, give full information

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

10,395,412

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

2,113,818

12.2

Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$

736,834

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

4.00

12.42

To

6.00

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

\$

33,622,041

12.62

Collateral and other funds

\$

2,115,847

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

205,050

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 [X] No []

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:
Premiums and recoverables were allocated pursuant to separate intercompany pooling agreements.

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes [] No [X]

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes [X] No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes [] No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes [] No [X]

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

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

* 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 [☒]

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	\$	
17.12	Unfunded portion of Interrogatory 17.11	\$	
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$	
17.14	Case reserves portion of Interrogatory 17.11	\$	
17.15	Incurred but not reported portion of Interrogatory 17.11	\$	
17.16	Unearned premium portion of Interrogatory 17.11	\$	
17.17	Contingent commission portion of Interrogatory 17.11	\$	

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

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2008	2007	2006	2005	2004
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	389,331,220	367,437,247	318,689,195	216,338,722	127,112,698
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	15,308,939	15,980,064	14,740,650	13,688,938	12,390,502
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	51,202,771	52,574,317	46,483,775	37,234,178	32,185,435
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(624,017)	1,204,490	996,171	798,674	546,792
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	925,238	750,465	458,857	328,210	483,834
6. Total (Line 35)	456,144,151	437,946,583	381,368,648	268,388,722	172,719,261
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3,19.4)	28,306,795	31,414,169	30,367,481	27,950,653	26,161,037
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,333,519	7,354,206	7,821,817	7,215,228	7,004,152
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	6,893,741	7,886,562	7,812,538	6,091,598	5,522,375
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(633,132)	1,192,913	995,831	798,674	546,792
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	925,238	750,465	458,857	328,210	483,834
12. Total (Line 35)	42,826,161	48,598,315	47,456,524	42,384,363	39,718,190
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(2,524,984)	(2,615,608)	(1,433,246)	(3,135,398)	(3,008,122)
14. Net investment gain (loss) (Line 11)	6,548,442	6,569,765	6,050,728	6,047,861	6,770,117
15. Total other income (Line 15)	(494,611)	(428,144)	(327,215)	(474,044)	(739,407)
16. Dividends to policyholders (Line 17)	107,163	279,090	204,110	144,432	157,730
17. Federal and foreign income taxes incurred (Line 19)	(110,950)	301,641	1,096,041	207,017	666,315
18. Net income (Line 20)	3,532,634	2,945,282	2,990,116	2,086,970	2,198,543
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	188,466,372	176,625,394	165,353,821	138,473,951	145,788,314
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	4,983,519	4,246,781	3,292,424	2,797,366	2,685,559
20.2 Deferred and not yet due (Line 13.2)	9,706,858	11,001,927	11,011,264	8,279,130	7,663,113
20.3 Accrued retrospective premiums (Line 13.3)	1,916,701	2,043,160	2,783,262	2,816,403	3,067,317
21. Total liabilities excluding protected cell business (Page 3, Line 24)	134,818,233	126,415,536	118,073,760	93,755,310	103,651,086
22. Losses (Page 3, Line 1)	66,427,802	66,375,561	61,169,697	56,828,549	53,560,966
23. Loss adjustment expenses (Page 3, Line 3)	12,998,554	13,558,122	12,538,892	11,638,984	10,216,078
24. Unearned premiums (Page 3, Line 9)	17,497,338	19,387,033	18,735,073	16,797,204	16,135,678
25. Capital paid up (Page 3, Lines 28 & 29)	10,900,000	10,900,000	10,900,000	10,900,000	10,900,000
26. Surplus as regards policyholders (Page 3, Line 35)	53,648,139	50,209,858	47,280,061	44,718,641	42,137,228
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	3,707,737	15,231,538	4,037,266	8,564,055	(1,838,817)
Risk-Based Capital Analysis					
28. Total adjusted capital	53,648,139	50,209,858	47,280,061	44,718,641	42,137,228
29. Authorized control level risk-based capital	5,691,430	6,661,585	5,954,464	5,272,642	5,439,560
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	84.2	87.3	85.6	93.8	91.9
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	15.8	12.7	12.9	6.2	8.1
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)		0.0	1.5	0.0	
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)					
43. Affiliated short-term investments (Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE – YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2008	2007	2006	2005	2004
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)			35,514	(35,514)	
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	3,438,281	2,929,797	2,561,420	2,581,413	1,861,510
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	185,986,851	131,971,636	97,116,079	89,755,868	80,677,310
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	11,439,784	9,238,004	8,588,003	6,125,062	4,466,491
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	24,193,801	21,934,855	16,185,649	17,701,558	10,650,170
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	437,109	127,562	65,536	212,638	2,034,420
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	353,099	428,981	608,520	437,119	19,888
56. Total (Line 35)	222,410,644	163,701,038	122,563,787	114,232,245	97,848,279
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	19,392,257	16,059,420	14,969,097	14,948,241	16,243,989
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,340,873	4,000,030	4,517,241	3,678,338	3,104,219
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	5,285,420	3,564,966	3,333,881	3,858,590	3,575,828
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	437,109	127,562	65,536	212,638	2,034,420
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	353,099	428,981	608,520	437,119	19,888
62. Total (Line 35)	29,808,758	24,180,959	23,494,275	23,134,926	24,978,344
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	67.8	61.9	61.1	63.8	66.5
65. Loss expenses incurred (Line 3)	15.8	15.9	15.3	18.8	16.3
66. Other underwriting expenses incurred (Line 4)	22.1	27.8	26.8	24.9	25.0
67. Net underwriting gain (loss) (Line 8)	(5.7)	(5.5)	(3.2)	(7.6)	(7.8)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	24.1	27.8	26.4	25.5	26.2
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	83.5	77.8	76.4	82.6	82.8
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	79.8	96.8	100.4	94.8	94.3
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(1,333)	1,250	1,974	2,045	1,376
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	(2.7)	2.6	4.4	4.9	3.4
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	951	4,515	5,381	5,348	6,597
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	2.0	10.1	12.8	13.3	17.0

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	3,031	971	896	272	162	(5)	16	2,851	X X X
2. 1999	34,775	5,431	29,344	29,678	4,307	2,574	348	3,154	66	990	30,685	X X X
3. 2000	36,578	6,402	30,176	29,355	5,308	2,456	384	3,046	63	767	29,102	X X X
4. 2001	37,842	6,656	31,186	28,753	6,822	2,266	384	2,898	51	939	26,660	X X X
5. 2002	42,951	8,788	34,163	26,990	5,760	2,056	306	3,271	38	1,439	26,213	X X X
6. 2003	47,695	11,643	36,052	24,263	5,417	1,905	205	3,480	51	1,491	23,975	X X X
7. 2004	49,111	13,007	36,104	23,111	6,110	1,647	291	3,412	187	1,442	21,582	X X X
8. 2005	50,013	11,986	38,027	26,338	7,965	1,427	283	3,398	257	1,363	22,658	X X X
9. 2006	54,231	12,700	41,531	20,465	3,910	1,113	124	3,467	271	1,307	20,740	X X X
10. 2007	57,666	14,363	43,303	19,877	4,774	832	111	3,185	332	1,328	18,677	X X X
11. 2008	61,460	17,017	44,443	16,798	4,900	391	43	3,476	273	814	15,449	X X X
12. Totals	X X X	X X X	X X X	248,659	56,244	17,563	2,751	32,949	1,584	11,896	238,592	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25			
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR									
	13	14	15	16	17	18	19	20	21	22				Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded						
1. Prior	19,011	5,488	9,094	6,072	1,044	852	3,810	1,633	471		165	19,385	X X X			
2. 1999	1,408	371	459	329	29	8	117	39	46		13	1,312	X X X			
3. 2000	1,464	534	644	467	30	5	138	63	49		18	1,256	X X X			
4. 2001	1,601	633	842	630	44	20	217	105	52		33	1,368	X X X			
5. 2002	1,621	948	1,249	1,018	73	40	281	78	55		54	1,195	X X X			
6. 2003	1,669	678	2,488	1,054	58	23	299	106	66	1	79	2,718	X X X			
7. 2004	1,963	607	2,823	842	65	14	609	116	200	1	76	4,080	X X X			
8. 2005	2,843	957	3,623	1,445	90	21	718	143	157	26	102	4,839	X X X			
9. 2006	3,800	852	5,168	1,623	138	19	1,330	230	340	4	161	8,048	X X X			
10. 2007	5,456	1,078	7,968	1,832	165	20	2,079	362	725	12	280	13,089	X X X			
11. 2008	9,128	1,901	14,724	3,259	168	31	2,390	323	1,264	22	850	22,138	X X X			
12. Totals	49,964	14,047	49,082	18,571	1,904	1,053	11,988	3,198	3,425	66	1,831	79,428	X X X			

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	16,545	2,840
2. 1999	37,465	5,468	31,997	107.735	100.681	109.041			0.400	1,167	145
3. 2000	37,182	6,824	30,358	101.651	106.592	100.603			0.400	1,107	149
4. 2001	36,673	8,645	28,028	96.911	129.883	89.874			0.400	1,180	188
5. 2002	35,596	8,188	27,408	82.876	93.173	80.227			0.400	904	291
6. 2003	34,228	7,535	26,693	71.764	64.717	74.040			0.400	2,425	293
7. 2004	33,830	8,168	25,662	68.885	62.797	71.078			0.400	3,337	743
8. 2005	38,594	11,097	27,497	77.168	92.583	72.309			0.400	4,064	775
9. 2006	35,821	7,033	28,788	66.053	55.378	69.317			0.400	6,493	1,555
10. 2007	40,287	8,521	31,766	69.863	59.326	73.358			0.400	10,514	2,575
11. 2008	48,339	10,752	37,587	78.651	63.184	84.573			0.400	18,692	3,446
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	66,428	13,000

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	One Year	Two Year
1. Prior	49,871	50,157	53,959	56,205	58,410	61,771	64,158	65,835	67,914	67,388	(526)	1,553
2. 1999	25,101	25,893	26,873	27,543	28,047	28,271	28,751	28,894	29,024	29,079	55	185
3. 2000	X X X	24,017	25,074	25,224	26,071	26,763	26,989	27,170	27,433	27,464	31	294
4. 2001	X X X	X X X	24,466	23,775	24,154	23,825	24,570	24,942	25,131	25,193	62	251
5. 2002	X X X	X X X	X X X	23,973	22,671	22,699	23,515	23,945	24,114	24,198	84	253
6. 2003	X X X	X X X	X X X	X X X	24,867	22,305	21,666	22,967	23,350	23,344	(6)	377
7. 2004	X X X	X X X	X X X	X X X	X X X	24,555	22,889	22,289	22,463	22,497	34	208
8. 2005	X X X	X X X	X X X	X X X	X X X	X X X	26,670	25,330	24,803	24,549	(254)	(781)
9. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	26,991	25,968	25,602	(366)	(1,389)
10. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	29,015	28,568	(447)	X X X
11. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	33,623	X X X	X X X
12. Totals											(1,333)	951

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	000	10,811	17,976	24,350	28,896	33,294	36,786	39,803	42,846	45,531	X X X	X X X
2. 1999	10,183	16,170	19,930	22,595	24,400	25,676	26,453	26,958	27,255	27,597	X X X	X X X
3. 2000	X X X	10,706	16,690	19,808	21,977	23,968	24,786	25,375	25,792	26,118	X X X	X X X
4. 2001	X X X	X X X	11,023	16,607	19,420	21,093	22,320	22,967	23,472	23,813	X X X	X X X
5. 2002	X X X	X X X	X X X	10,348	15,858	19,059	20,638	21,967	22,563	22,980	X X X	X X X
6. 2003	X X X	X X X	X X X	X X X	9,522	14,461	16,858	18,612	19,811	20,546	X X X	X X X
7. 2004	X X X	X X X	X X X	X X X	X X X	8,608	13,226	15,392	17,164	18,357	X X X	X X X
8. 2005	X X X	X X X	X X X	X X X	X X X	X X X	9,866	15,125	17,744	19,517	X X X	X X X
9. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	9,607	14,665	17,544	X X X	X X X
10. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	9,921	15,824	X X X	X X X
11. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	12,246	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	16,585	12,631	9,561	6,739	5,635	4,935	6,114	6,495	6,987	5,591
2. 1999	8,093	3,816	1,877	1,129	657	519	471	348	373	300
3. 2000	X X X	6,558	2,466	1,039	702	575	421	341	410	291
4. 2001	X X X	X X X	6,770	2,704	1,593	772	650	525	482	328
5. 2002	X X X	X X X	X X X	7,104	2,744	1,175	890	709	648	442
6. 2003	X X X	X X X	X X X	X X X	10,280	4,171	1,852	2,202	2,062	1,693
7. 2004	X X X	X X X	X X X	X X X	X X X	11,145	6,250	4,149	3,206	2,644
8. 2005	X X X	X X X	X X X	X X X	X X X	X X X	11,965	6,478	4,230	3,007
9. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	12,586	7,236	4,906
10. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,144	8,152
11. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,971

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

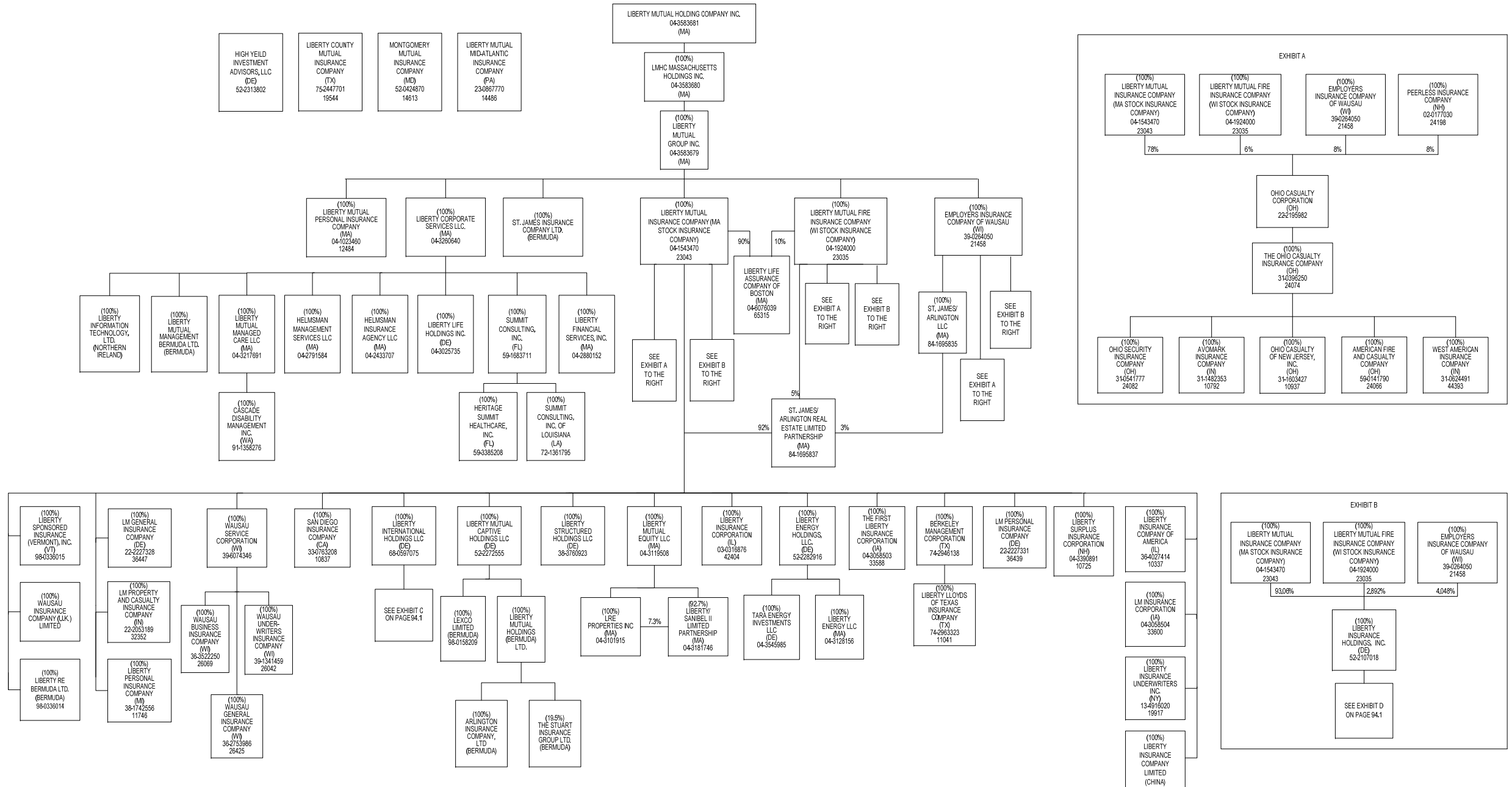
States, Etc.		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
			2	3						
		Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	7,592,553	7,502,120	221	2,801,405	4,863,725	7,955,561		
2. Alaska	AK	L	3,051,234	3,149,954		1,161,337	2,410,897	2,734,775		
3. Arizona	AZ	L	8,037,522	6,643,791	(5,340)	2,006,314	4,104,199	5,332,953		
4. Arkansas	AR	L	2,304,949	2,431,198	(2,913)	2,040,927	1,486,075	2,862,184		
5. California	CA	L	53,470,566	50,822,475	(8,258)	20,123,902	40,465,573	75,367,779		
6. Colorado	CO	L	5,677,415	6,339,840	(5,745)	2,467,486	3,599,085	6,312,287		
7. Connecticut	CT	L	9,182,528	8,981,625	(532)	4,371,514	6,159,467	10,475,531		
8. Delaware	DE	L	1,860,702	2,071,139		1,201,178	1,550,088	4,136,265		
9. District of Columbia	DC	L	904,218	927,173	(27)	449,731	407,424	740,867		
10. Florida	FL	L	14,590,617	18,201,829	1,296,315	9,665,428	13,294,239	26,678,767		
11. Georgia	GA	L	10,989,888	11,947,485	(33,114)	7,175,159	6,616,580	11,849,102		
12. Hawaii	HI	L	2,042,184	1,467,187		325,958	876,686	1,266,021		
13. Idaho	ID	L	918,232	875,114	2,573	1,756,972	1,292,116	745,654		
14. Illinois	IL	L	30,808,616	30,133,809	(3,784)	13,774,286	22,657,251	36,068,546		
15. Indiana	IN	L	3,428,191	3,704,376	(22)	2,071,904	4,678,522	5,336,201		
16. Iowa	IA	L	3,935,876	4,132,261	(72)	1,875,296	3,433,555	5,883,656		
17. Kansas	KS	L	4,692,528	5,004,265		3,608,909	3,017,863	5,921,923		
18. Kentucky	KY	L	5,629,652	6,670,868	1,433	3,230,691	3,760,669	8,958,457		
19. Louisiana	LA	L	2,886,879	3,012,069	173	765,484	1,411,762	2,462,979		
20. Maine	ME	L	841,675	999,891	96	739,944	1,368,882	1,749,609		
21. Maryland	MD	L	4,650,222	4,974,905	15,158	4,760,019	5,527,857	8,932,297		
22. Massachusetts	MA	L	9,528,582	9,617,192	120,558	4,147,291	6,952,824	16,665,270		
23. Michigan	MI	L	6,488,395	7,476,327	(1,759)	4,173,700	4,317,435	10,123,076		
24. Minnesota	MN	L	9,540,420	9,956,752	131,295	5,434,358	8,342,319	13,975,867		
25. Mississippi	MS	L	5,671,738	5,964,262	5,568	2,213,252	4,355,375	6,220,902		
26. Missouri	MO	L	8,676,795	8,925,338	(9,360)	3,989,631	6,621,024	10,459,309		
27. Montana	MT	L	1,503,179	1,492,540	(15)	891,019	796,941	2,263,975		
28. Nebraska	NE	L	3,527,748	3,654,989	(10,742)	1,443,401	1,681,385	4,036,357		
29. Nevada	NV	L	3,528,864	3,991,320	411	1,575,107	3,588,653	5,094,296		
30. New Hampshire	NH	L	3,851,535	4,010,657	(8,648)	1,798,509	3,236,375	4,908,181		
31. New Jersey	NJ	L	10,748,646	10,395,608	278,170	4,219,283	6,917,250	11,259,204		
32. New Mexico	NM	L	2,860,403	3,045,290		830,668	1,971,445	2,504,258		
33. New York	NY	L	30,545,609	32,418,809	73,369	15,168,915	22,978,421	60,458,054		
34. North Carolina	NC	L	9,466,743	9,749,009	(7,309)	4,160,213	6,622,110	10,902,900		
35. North Dakota	ND	L	549,756	460,081		43,912	245,196	300,450		
36. Ohio	OH	L	1,818,054	1,905,823	(1,980)	798,733	275,717	1,609,180		
37. Oklahoma	OK	L	7,595,621	7,442,974	20,082	2,065,597	4,526,399	9,292,929		
38. Oregon	OR	L	4,031,618	3,884,365	(20,605)	1,112,552	2,524,939	4,202,108		
39. Pennsylvania	PA	L	21,746,284	22,572,095	3,658	10,890,813	20,186,374	32,182,918		
40. Rhode Island	RI	L	1,445,959	1,384,921	924	477,695	1,094,341	1,346,906		
41. South Carolina	SC	L	7,760,768	8,545,072	(29)	2,349,387	4,926,844	7,543,040		
42. South Dakota	SD	L	1,131,011	1,135,971		303,594	660,071	1,015,146		
43. Tennessee	TN	L	12,239,069	13,431,283	1,348	4,760,221	7,730,953	14,742,812		
44. Texas	TX	L	15,093,413	17,113,317	(4,977)	6,998,145	9,243,633	27,865,615		
45. Utah	UT	L	2,228,110	2,420,261	(7,895)	1,269,817	2,009,362	3,422,077		
46. Vermont	VT	L	3,403,106	3,598,160		1,342,583	2,814,559	3,319,088		
47. Virginia	VA	L	7,200,951	7,328,570	(142)	4,806,434	7,201,803	9,884,497		
48. Washington	WA	L	2,817,161	2,773,608	(34)	365,236	1,518,867	2,295,390		
49. West Virginia	WV	L	746,130	811,502	(1,741)	330,277	244,895	556,262		
50. Wisconsin	WI	L	39,860,550	37,958,135	3,209,912	18,258,198	23,109,010	44,624,075		
51. Wyoming	WY	L	213,986	201,454		5,952	61,187	91,626		
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N	176	188	(5,022)		7,500	7,500		
55. U.S. Virgin Islands	VI	N	635	595		3,555	3,662	163		
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	X X X	728	1,167	3		(701)	2,830		
59. Totals		(a) 51	413,317,990	423,661,009	5,021,202	192,601,892	299,748,683	554,947,675		

DETAILS OF WRITE-INS									
5801. Other alien	X X X	728	1,167	3		(701)	2,830		
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	728	1,167	3		(701)	2,830		

Explanation of basis of allocation of premiums by states, etc.	
*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	
*States of Jurisdiction under which payrolls and resulting premiums are developed - Workers' 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	*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)

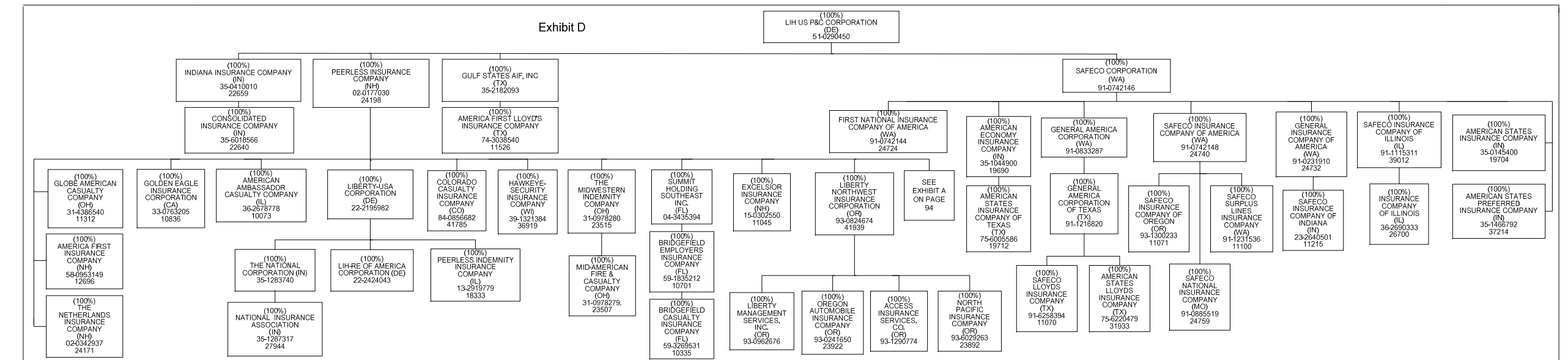
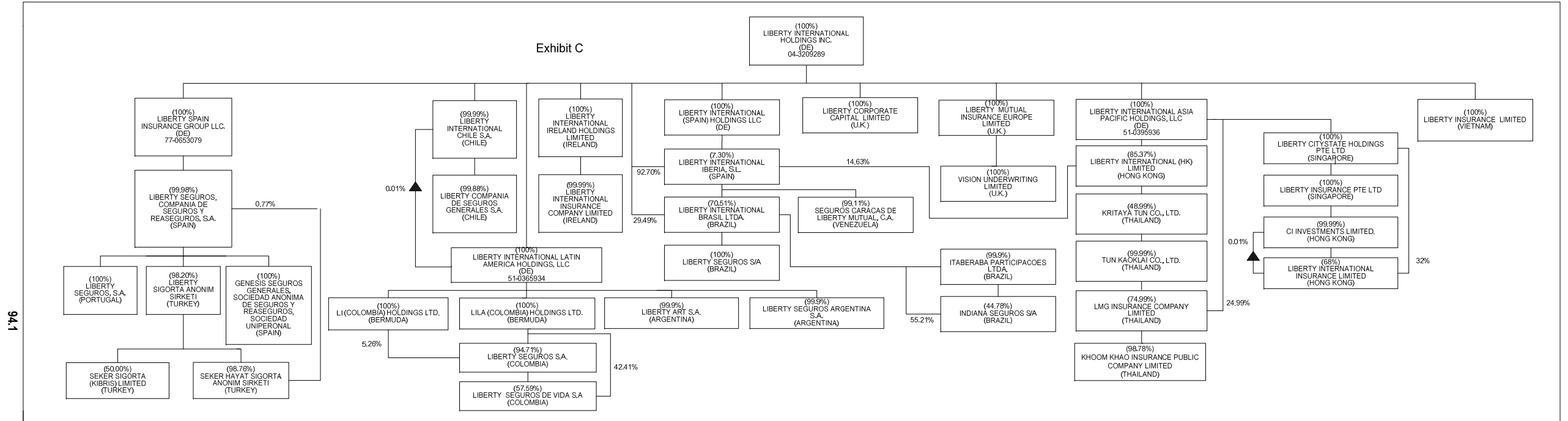
(a) Insert the number of L responses except for Canada and Other Alien.

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 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS				
2304. Amounts receivable under high deductible policies	929,044	58,691	870,353	915,676
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	929,044	58,691	870,353	915,676

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, SURPLUS AND OTHER FUNDS

		1	2
		Current Year	Prior Year
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES			
2304.	Collateral held for securities loaned	7,843,548	6,527,204
2305.			
2306.			
2307.			
2308.			
2309.			
2310.			
2311.			
2312.			
2313.			
2314.			
2315.			
2316.			
2317.			
2318.			
2319.			
2320.			
2321.			
2322.			
2323.			
2324.			
2325.			
2397.	Totals (Lines 2304 through 2325) (Page 3, Line 2398)	7,843,548	6,527,204

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