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, 2009

PROPERTY AND CASUALTY

2009

26069200920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2009
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: 175 Berkeley Street (Street and Number or P.O. Box) , Boston, MA 02116 (City or Town, State and Zip Code)

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

Internet Web Site Address: www.LibertyMutualGroup.com

Statutory Statement Contact: Joanne Connolly (Name) 617-357-9500 x44393 (Area Code) (Telephone Number) (Extension)

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

OFFICERS

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

VICE-PRESIDENTS

Name	Title	Name	Title
James Paul Condrin, III #	Executive Vice President	Anthony Alexander Fontanes #	EVP & Chief Investment Officer
Gary Richard Gregg #	Executive Vice President	David Henry Long #	Executive Vice President
Timothy Michael Sweeney #	Executive Vice President	James Martin McGlennon #	SVP & Chief Information Officer
Paul Garvin Alexander #	Senior Vice President	Christopher Charles Mansfield #	SVP & General Counsel
Robert Thomas Muleski #	SVP & Corporate Actuary	Helen Elizabeth Russell Sayles #	Senior Vice President
John Derek Doyle #	Vice President & Comptroller	George Walker Doonan #	SVP & Chief Financial Officer
Gary Jay Ostrow #	Vice President		

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Timothy Michael Sweeney #	Dexter Robert Legg	Edmund Francis Kelly
Dennis James Langwell	Christopher Charles Mansfield	James Paul Condrin, III	

State of Massachusetts

County of Suffolk ss

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

(Signature)	(Signature)	(Signature)
Edmund Francis Kelly #	Dexter Robert Legg #	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Chairman of the Board, President & CEO	Vice President & Secretary	Vice President & Treasurer
(Title)	(Title)	(Title)

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

a. Is this an original filing? [X] Yes [ ] No

b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	124,381,752		124,381,752	117,740,028
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 ($ 1,966,787, Schedule E - Part 1), cash equivalents ($ 764,669, Schedule E - Part 2), and short-term investments ($ 9,182,408, Schedule DA)	11,913,864		11,913,864	22,172,111
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	136,295,616		136,295,616	139,912,139
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	1,105,394		1,105,394	1,258,872
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	4,829,436	78,572	4,750,864	4,983,519
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	11,261,261		11,261,261	9,706,858
13.3 Accrued retrospective premiums	1,954,375	195,438	1,758,937	1,916,701
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	24,014,570		24,014,570	21,875,976
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	113	61	52	924
16.1 Current federal and foreign income tax recoverable and interest thereon	1,171,175		1,171,175	375,208
16.2 Net deferred tax asset	4,480,560	1,052,538	3,428,022	2,621,300
17. Guaranty funds receivable or on deposit	177,325		177,325	171,591
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	3,185,272		3,185,272	2,316,086
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	3,277,794	92,873	3,184,921	3,327,198
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	191,752,891	1,419,482	190,333,409	188,466,372
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	191,752,891	1,419,482	190,333,409	188,466,372

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Cash surrender value - life insurance	2,044,183		2,044,183	1,837,321
2302. Amounts receivable under high deductible policies	919,036	614	918,422	429,579
2303. Other assets	167,724	92,259	75,465	870,353
2398. Summary of remaining write-ins for Line 23 from overflow page	146,851		146,851	189,945
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	3,277,794	92,873	3,184,921	3,327,198

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	67,097,056	66,427,802
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	3,008,350	3,297,681
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	13,574,501	12,998,554
4. Commissions payable, contingent commissions and other similar charges	639,586	506,371
5. Other expenses (excluding taxes, licenses and fees)	1,238,685	1,693,647
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	897,112	1,353,485
7.1 Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		
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 $ 98,156,607 and including warranty reserves of $ 0)	17,562,895	17,497,338
10. Advance premium	234,069	316,272
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	9,604	5,991
12. Ceded reinsurance premiums payable (net of ceding commissions)	16,294,758	24,422,673
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	577,397	254,904
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	1,568,150	1,544,034
19. Payable to parent, subsidiaries and affiliates	12,133,993	407,309
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	(440,584)	4,092,172
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	134,395,572	134,818,233
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	134,395,572	134,818,233
27. Aggregate write-ins for special surplus funds	6,026,331	5,048,336
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)	(3,888,494)	(5,200,197)
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)	55,937,837	53,648,139
36. Totals (Page 2, Line 26, Col. 3)	190,333,409	188,466,372

DETAILS OF WRITE-IN LINES		
2301. Amounts held under uninsured plans	3,475,382	3,067,179
2302. Collateral held for securities loaned	2,772,461	7,843,548
2303. Other liabilities	1,952,773	2,048,769
2398. Summary of remaining write-ins for Line 23 from overflow page	(8,641,200)	(8,867,324)
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(440,584)	4,092,172
2701. Special surplus from retroactive reinsurance	5,161,182	5,048,336
2702. SSAP 10R incremental change	865,149	
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	6,026,331	5,048,336
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 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	39,838,189	44,442,231
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	26,220,425	30,115,502
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	7,761,946	7,015,604
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	10,259,293	9,836,109
5.	Aggregate write-ins for underwriting deductions	3,753	
6.	Total underwriting deductions (Lines 2 through 5)	44,245,417	46,967,215
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(4,407,228)	(2,524,984)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,127,106	6,548,442
10.	Net realized capital gains (losses) less capital gains tax of $ (45,274) (Exhibit of Capital Gains (Losses))	(84,080)	
11.	Net investment gain (loss) (Lines 9 + 10)	6,043,026	6,548,442
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 12,542 amount charged off $ 326,798)	(314,256)	(356,687)
13.	Finance and service charges not included in premiums	198,666	221,882
14.	Aggregate write-ins for miscellaneous income	(520,729)	(359,806)
15.	Total other income (Lines 12 through 14)	(636,319)	(494,611)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	999,479	3,528,847
17.	Dividends to policyholders	92,553	107,163
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)	906,926	3,421,684
19.	Federal and foreign income taxes incurred	(839,376)	(110,950)
20.	Net income (Line 18 minus Line 19) (to Line 22)	1,746,302	3,532,634
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	53,648,139	50,209,858
22.	Net income (from Line 20)	1,746,302	3,532,634
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (159,579)	(296,361)	
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(1,490,019)	(353,000)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	1,355,504	351,462
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	974,272	(92,815)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	2,289,698	3,438,281
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	55,937,837	53,648,139

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	3,753	
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)	3,753	
1401.	Retroactive reinsurance gain/(loss)	124,597	48,560
1402.	Other income/(expense)	(645,326)	(408,366)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(520,729)	(359,806)
3701.	SSAP 10R incremental change	865,149	
3702.	Other changes in surplus	109,123	(92,815)
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	974,272	(92,815)

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	30,523,546	52,513,947
2. Net investment income	6,534,880	6,782,883
3. Miscellaneous income	466,115	(786,425)
4. Total (Lines 1 through 3)	37,524,541	58,510,405
5. Benefit and loss related payments	28,212,680	36,652,330
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	18,288,765	17,683,571
8. Dividends paid to policyholders	88,940	168,643
9. Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(88,683)	298,124
10. Total (Lines 5 through 9)	46,501,702	54,802,668
11. Net cash from operations (Line 4 minus Line 10)	(8,977,161)	3,707,737
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	40,982,331	15,193,662
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)	40,982,331	15,225,016
13. Cost of investments acquired (long-term only):		
13.1 Bonds	48,463,644	14,730,788
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	48,463,644	14,730,788
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)	(7,481,313)	494,228
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)	6,200,227	725,049
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	6,200,227	725,049
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)	(10,258,247)	4,927,014
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	22,172,111	17,245,097
19.2 End of year (Line 18 plus Line 19.1)	11,913,864	22,172,111

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	879,221	537,079	485,451	930,849
2. Allied lines	506,975	252,759	244,630	515,104
3. Farmowners multiple peril	149			149
4. Homeowners multiple peril	4,761,658	2,623,321	2,955,614	4,429,365
5. Commercial multiple peril	533,955	498,899	453,987	578,867
6. Mortgage guaranty				
8. Ocean marine	190,879	65,232	76,810	179,301
9. Inland marine	2,712,036	161,762	146,075	2,727,723
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made	9,939	1,339	1,724	9,554
12. Earthquake	149,702	81,880	66,302	165,280
13. Group accident and health	14			14
14. Credit accident and health (group and individual)				
15. Other accident and health	192	3	2	193
16. Workers' compensation	10,577,748	265,217	214,464	10,628,501
17.1 Other liability—occurrence	2,161,470	1,154,939	999,361	2,317,048
17.2 Other liability—claims-made	1,012,169	584,885	627,279	969,775
17.3 Excess Workers' Compensation	350,609	131,900	130,071	352,438
18.1 Products liability—occurrence	437,515	245,842	207,015	476,342
18.2 Products liability—claims-made	37,413	8,064	6,639	38,838
19.1,19.2 Private passenger auto liability	9,487,319	4,602,591	4,821,726	9,268,184
19.3,19.4 Commercial auto liability	1,486,149	646,762	567,477	1,565,434
21. Auto physical damage	3,343,300	3,295,273	3,392,813	3,245,760
22. Aircraft (all perils)	277,746	80,230	79,946	278,030
23. Fidelity	51,830	16,957	24,265	44,522
24. Surety	3,031	5	2,393	643
26. Burglary and theft	2,013	1,223	858	2,378
27. Boiler and machinery	9,383	4,355	4,539	9,199
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	618,154	57,981	38,303	637,832
32. Reinsurance-Nonproportional Assumed Liability	389,778	49,172	60,774	378,176
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	39,990,347	15,367,670	15,608,518	39,749,499

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	470,154	15,298			485,452
2. Allied lines	235,630	9,000			244,630
3. Farmowners multiple peril					
4. Homeowners multiple peril	2,955,614				2,955,614
5. Commercial multiple peril	316,941	137,046			453,987
6. Mortgage guaranty					
8. Ocean marine	54,253	22,557			76,810
9. Inland marine	141,137	4,938			146,075
10. Financial guaranty					
11.1 Medical professional liability—occurrence					
11.2 Medical professional liablity—claims-made	1,724				1,724
12. Earthquake	65,281	1,021			66,302
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	2				2
16. Workers' compensation	1,748,198	223,687		(1,757,422)	214,463
17.1 Other liability—occurrence	846,936	232,308		(79,882)	999,362
17.2 Other liability—claims-made	413,359	213,920			627,279
17.3 Excess Workers' Compensation	113,582	16,489			130,071
18.1 Products liability—occurrence	157,611	83,352		(33,947)	207,016
18.2 Products liability—claims-made	6,639				6,639
19.1,19.2 Private passenger auto liability	4,821,726				4,821,726
19.3,19.4 Commercial auto liability	630,354	20,247		(83,124)	567,477
21. Auto physical damage	3,389,632	3,181			3,392,813
22. Aircraft (all perils)	79,946				79,946
23. Fidelity	23,540	725			24,265
24. Surety	1,080	1,313			2,393
26. Burglary and theft	856	2			858
27. Boiler and machinery	4,449	90			4,539
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property	38,303				38,303
32. Reinsurance-Nonproportional Assumed Liability	59,563	1,210			60,773
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	16,576,510	986,384		(1,954,375)	15,608,519
36. Accrued retrospective premiums based on experience					1,954,375
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					17,562,894

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	98,849	879,221		98,849		879,221
2. Allied lines	102,178	506,975		102,178		506,975
3. Farmowners multiple peril		149				149
4. Homeowners multiple peril		4,761,658				4,761,658
5. Commercial multiple peril	26,442,101	533,955		26,442,101		533,955
6. Mortgage guaranty						
8. Ocean marine		190,879				190,879
9. Inland marine	3,213	2,712,036		3,213		2,712,036
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made		9,939				9,939
12. Earthquake	345,623	149,702		345,623		149,702
13. Group accident and health		14				14
14. Credit accident and health (group and individual)						
15. Other accident and health		192				192
16. Workers' compensation	224,296,492	10,577,748		224,296,492		10,577,748
17.1 Other liability—occurrence	25,001,538	2,161,470		25,001,538		2,161,470
17.2 Other liability—claims-made		1,012,169				1,012,169
17.3 Excess Workers' Compensation		350,609				350,609
18.1 Products liability—occurrence	4,046,358	437,515		4,046,358		437,515
18.2 Products liability—claims-made		37,413				37,413
19.1,19.2 Private passenger auto liability		9,487,319				9,487,319
19.3,19.4 Commercial auto liability	30,574,793	1,486,149		30,574,793		1,486,149
21. Auto physical damage	6,150,770	3,343,300		6,150,770		3,343,300
22. Aircraft (all perils)		277,746				277,746
23. Fidelity	12,096	51,830		12,096		51,830
24. Surety		3,031				3,031
26. Burglary and theft	15,003	2,013		15,003		2,013
27. Boiler and machinery		9,383				9,383
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X	618,154				618,154
32. Reinsurance-Nonproportional Assumed Liability	X X X	389,778				389,778
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	317,089,014	39,990,347		317,089,014		39,990,347

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 $ 238,568,014

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 237,267,799

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	 2 Reinsurance Assumed	 3 Reinsurance Recovered	 4 Net Payments (Cols. 1 + 2 - 3)	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. Fire	19,400	1,098,660	19,400	1,098,660	617,488	1,009,789	706,359	75.883
2. Allied lines	(51,382)	202,560	(51,382)	202,560	113,252	205,265	110,547	21.461
3. Farmowners multiple peril		2,314		2,314		320	1,994	1338.255
4. Homeowners multiple peril		3,269,890		3,269,890	1,424,012	2,183,481	2,510,421	56.677
5. Commercial multiple peril	16,973,374	718,364	16,973,374	718,364	1,300,895	1,326,929	692,330	119.601
6. Mortgage guaranty								
8. Ocean marine		90,505		90,505	252,189	291,196	51,498	28.722
9. Inland marine		1,937,334		1,937,334	427,999	434,593	1,930,740	70.782
10. Financial guaranty								
11.1 Medical professional liability—occurrence		14		14	2,380	2,363	31	
11.2 Medical professional liability—claims-made		8		8	8,855	2,547	6,316	66.108
12. Earthquake					1,259	(303)	1,562	0.945
13. Group accident and health		2,853		2,853	9,957	11,495	1,315	9392.857
14. Credit accident and health (group and individual)								
15. Other accident and health		1,150		1,150	8,125	8,874	401	207.772
16. Workers' compensation	160,141,778	7,851,739	160,141,778	7,851,739	37,804,459	37,790,252	7,865,946	74.008
17.1 Other liability—occurrence	11,936,399	1,449,689	11,936,399	1,449,689	7,318,221	6,797,390	1,970,520	85.044
17.2 Other liability—claims-made		326,521		326,521	1,659,282	1,342,280	643,523	66.358
17.3 Excess Workers' Compensation		58,506		58,506	1,386,631	1,128,397	316,740	89.871
18.1 Products liability—occurrence	967,776	125,081	967,776	125,081	2,103,342	1,651,658	576,765	121.082
18.2 Products liability—claims-made		2,799		2,799	79,237	75,598	6,438	16.577
19.1,19.2 Private passenger auto liability		5,477,369		5,477,369	7,757,718	7,174,573	6,060,514	65.391
19.3,19.4 Commercial auto liability	23,665,054	1,057,588	23,665,054	1,057,588	2,369,174	2,639,233	787,529	50.307
21. Auto physical damage	4,648,077	1,691,706	4,648,077	1,691,706	(19,921)	35,608	1,636,177	50.410
22. Aircraft (all perils)		131,114		131,114	382,828	325,701	188,241	67.705
23. Fidelity		10,086		10,086	65,066	51,608	23,544	52.882
24. Surety		(187)		(187)	6,964	6,813	(36)	(5.599)
26. Burglary and theft		624		624	901	226	1,299	54.626
27. Boiler and machinery		489		489	2,021	(2,308)	4,818	52.375
28. Credit						6	(6)	
29. International								
30. Warranty					55	55		
31. Reinsurance-Nonproportional Assumed Property	XXX	160,156		160,156	403,152	410,840	152,468	23.904
32. Reinsurance-Nonproportional Assumed Liability	XXX	136,343		136,343	1,593,170	1,505,345	224,168	59.276
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	5,190		5,190	18,345	17,978	5,557	
34. Aggregate write-ins for other lines of business								
35. TOTALS	218,300,476	25,808,465	218,300,476	25,808,465	67,097,056	66,427,802	26,477,719	66.611

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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire		437,516		437,516	63,741	179,972	63,741	617,488	42,997
2. Allied lines		55,027		55,027	86,144	58,225	86,144	113,252	19,730
3. Farmowners multiple peril									
4. Homeowners multiple peril		841,476		841,476		582,536		1,424,012	422,063
5. Commercial multiple peril	18,800,589	845,140	18,800,589	845,140	24,307,889	455,755	24,307,889	1,300,895	431,116
6. Mortgage guaranty									
8. Ocean marine		166,630		166,630		85,559		252,189	41,914
9. Inland marine		107,432		107,432	2,249	320,567	2,249	427,999	45,625
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		484		484		1,897		2,381	68
11.2 Medical professional liablity—claims-made		51		51		8,804		8,855	178
12. Earthquake		696		696	172,149	563	172,149	1,259	58
13. Group accident and health		9,726		9,726		231		(a) 9,957	881
14. Credit accident and health (group and individual)									
15. Other accident and health		737		737		7,388		(a) 8,125	399
16. Workers' compensation	231,530,620	21,053,666	231,530,620	21,053,666	221,835,881	16,750,792	221,835,881	37,804,458	4,962,205
17.1 Other liability—occurrence	20,986,110	2,657,364	20,986,110	2,657,364	16,799,426	4,660,857	16,799,426	7,318,221	3,413,141
17.2 Other liability—claims-made		428,527		428,527		1,230,755		1,659,282	615,907
17.3 Excess Workers' Compensation		476,367		476,367		910,263		1,386,630	105,491
18.1 Products liability—occurrence	2,256,299	339,326	2,256,299	339,326	8,319,295	1,764,016	8,319,295	2,103,342	1,026,458
18.2 Products liability—claims-made		200		200		79,037		79,237	46,351
19.1,19.2 Private passenger auto liability		4,781,422		4,781,422		2,976,295		7,757,717	1,546,080
19.3,19.4 Commercial auto liability	26,360,978	1,327,041	26,360,978	1,327,041	11,775,907	1,042,133	11,775,907	2,369,174	403,236
21. Auto physical damage		5,848		5,848		(25,769)		(19,921)	223,667
22. Aircraft (all perils)		214,036		214,036		168,792		382,828	97,935
23. Fidelity		6,183		6,183	(51,262)	58,883	(51,262)	65,066	12,597
24. Surety		2,324		2,324		4,639		6,963	(268)
26. Burglary and theft		42		42	4,646	858	4,646	900	5,002
27. Boiler and machinery		19		19	18	2,002	18	2,021	307
28. Credit									
29. International									
30. Warranty						55		55	
31. Reinsurance-Nonproportional Assumed Property	X X X	211,306		211,306	X X X	191,846		403,152	11,251
32. Reinsurance-Nonproportional Assumed Liability	X X X	533,353		533,353	X X X	1,059,818		1,593,171	99,864
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	17,888		17,888	X X X	457		18,345	247
34. Aggregate write-ins for other lines of business									
35. TOTALS	299,934,596	34,519,827	299,934,596	34,519,827	283,316,083	32,577,226	283,316,083	67,097,053	13,574,500

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	36,273,778			36,273,778
1.2 Reinsurance assumed	4,238,095			4,238,095
1.3 Reinsurance ceded	36,273,778			36,273,778
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	4,238,095			4,238,095
2. Commission and brokerage:				
2.1 Direct, excluding contingent		22,503,437		22,503,437
2.2 Reinsurance assumed, excluding contingent		(1,560,469)		(1,560,469)
2.3 Reinsurance ceded, excluding contingent		22,503,437		22,503,437
2.4 Contingent—direct		3,808,443		3,808,443
2.5 Contingent—reinsurance assumed		539,365		539,365
2.6 Contingent—reinsurance ceded		3,808,443		3,808,443
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)		(1,021,104)		(1,021,104)
3. Allowances to manager and agents		441,569		441,569
4. Advertising	59,734	755,680	168	815,582
5. Boards, bureaus and associations	11,016	93,198	5	104,219
6. Surveys and underwriting reports	747	124,210	174	125,131
7. Audit of assureds' records		(65)		(65)
8. Salary and related items:				
8.1 Salaries	1,986,992	4,348,516	31,455	6,366,963
8.2 Payroll taxes	119,719	303,924	1,799	425,442
9. Employee relations and welfare	415,985	1,089,767	1,745	1,507,497
10. Insurance	126,680	26,985	364	154,029
11. Directors' fees		1,456		1,456
12. Travel and travel items	117,761	325,448	574	443,783
13. Rent and rent items	163,261	435,332	570	599,163
14. Equipment	129,605	361,421	504	491,530
15. Cost or depreciation of EDP equipment and software	25,854	188,505	259	214,618
16. Printing and stationery	19,941	78,268	83	98,292
17. Postage, telephone and telegraph, exchange and express	76,636	267,667	1,035	345,338
18. Legal and auditing	21,010	80,671	1,038	102,719
19. Totals (Lines 3 to 18)	3,274,941	8,922,552	39,773	12,237,266
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 31,936		1,545,337		1,545,337
20.2 Insurance department licenses and fees		76,116		76,116
20.3 Gross guaranty association assessments		(14,931)		(14,931)
20.4 All other (excluding federal and foreign income and real estate)		14,871		14,871
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,621,393		1,621,393
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	248,909	736,454	5,642	991,005
25. Total expenses incurred	7,761,945	10,259,295	45,415	(a) 18,066,655
26. Less unpaid expenses—current year	13,574,501	2,775,383		16,349,884
27. Add unpaid expenses—prior year	12,998,554	3,553,503		16,552,057
28. Amounts receivable relating to uninsured plans, prior year		924		924
29. Amounts receivable relating to uninsured plans, current year		52		52
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	7,185,998	11,036,543	45,415	18,267,956

DETAILS OF WRITE-IN LINES				
2401. Other expenses	94,945	736,454	5,642	837,041
2402. Change in unallocated expense reserves	153,964			153,964
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	248,909	736,454	5,642	991,005

(a) Includes management fees of $ 45,414 to affiliates and $ 530,705 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

			1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a)	1,830,528	1,896,852
1.1	Bonds exempt from U.S. tax	(a)		
1.2	Other bonds (unaffiliated)	(a)	4,351,858	4,153,933
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)	112,581	90,703
7.	Derivative instruments	(f)		
8.	Other invested assets			
9.	Aggregate write-ins for investment income		31,033	31,033
10.	Total gross investment income		6,326,000	6,172,521
11.	Investment expenses			(g) 45,414
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)			45,414
17.	Net investment income (Line 10 minus Line 16)			6,127,107

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	31,033	31,033
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)	31,033	31,033
1501.			
1502.	NONE		
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 $ 116,798 accrual of discount less $ 371,093 amortization of premium and less $ 91,409 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)	87,460	(216,814)	(129,354)	(455,939)	
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)	87,460	(216,814)	(129,354)	(455,939)	

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. 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	78,572	79,907	1,335
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums	195,438	212,967	17,529
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	61	14	(47)
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	1,052,538	3,189,700	2,137,162
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	92,873	151,887	59,014
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,419,482	3,634,475	2,214,993
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	1,419,482	3,634,475	2,214,993

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	92,259	93,196	937
2302. Amounts receivable under high deductible policies	614	58,691	58,077
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	92,873	151,887	59,014

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 fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).

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

3. The Company does not own common stocks.

4. The Company does not own preferred stocks.

5. The Company does not own mortgage loans.

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

7. The Company does not own any subsidiaries, controlled or affiliated entities.

8. The Company does not own any joint ventures, partnerships, and limited liability companies.

9. Derivative Securities, refer to Note 8.

10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53*, Property Casualty Contracts - Premiums*.

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.

12. The Company did not change its capitalization policy in 2009.

13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

Effective December 31, 2009, the Company elected to admit Deferred Tax Assets (DTA's) pursuant to SSAP No. 10R, Income Taxes-Revised, a temporary replacement of SSAP No. 10. The change in DTA's resulting from adopting SSAP No. 10R, is disclosed as an aggregate write-in for gains and losses in surplus under the caption SSAP 10R incremental change. (Refer to Note 9A, 8)

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	(68,750)	(515,785)

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

E. Repurchase Agreements

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

NOTES TO FINANCIAL STATEMENTS

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	830,518	878,230	721,062	342,651	2,772,461

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

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

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2009.

Note 8- Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2009			December 31, 2008	Change
	Ordinary	Capital	Total	Total	
Total gross DTAs	4,891,106	204,074	5,095,180	6,336,000	(1,240,820)
Total gross DTLs	(614,620)	0	(614,620)	(525,000)	(89,620)
Net DTA (DTL)	4,276,486	204,074	4,480,560	5,811,000	(1,330,440)
Net DTA non-admitted			(1,052,538)	(3,190,000)	2,137,462
Net Admitted DTA (DTL)			3,428,022	2,621,000	807,022

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

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

Ordinary	865,148
Capital	0
Total increase in net admitted DTAs	865,148

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

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Recoverable through loss carrybacks (10a.)	0	54,000	54,000	767,000
Lesser of:				
Expected to be recognized within one year (10bi.)	2,358,374	150,500	2,508,874	1,854,000
10% of adjusted capital and surplus (10bii.)			4,991,285	4,858,000
Adj. gross DTAs offset against existing DTLs (10c.)	614,620	0	614,620	525,000

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2009		
	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	0	54,000	54,000
Lesser of:			
Expected to be recognized within three years (10eiia.)	3,223,522	150,500	3,374,022
15% of adjusted capital and surplus (10eiib.)			7,486,928
Adj. gross DTAs offset against existing DTLs (10eiii.)	614,620	0	614,620

Risk-based capital level used in paragraph 10d:	December 31, 2009
Total adjusted capital	55,072,688
Authorized control level	5,934,630

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

	December 31, 2009
Admitted DTA	2,562,874
Admitted assets	189,468,260
Statutory surplus	55,072,688
Total adjust capital	55,072,688

Admitted DTA, admitted assets and statutory surplus increased by $865,148 resulting from the use of paragraph 10e.

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

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

	2009	2008
Federal	(839,376)	(110,950)
Foreign		
Realized capital gains	(45,274)	0
Federal and foreign income taxes incurred	(884,650)	(110,950)

The Company's DTAs and DTLs result primarily from unearned premium reserve, discounting of unpaid losses and depreciation.

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

	2009
Change in net deferred income tax (without unrealized gain or loss)	(1,490,019)
Change in tax effect of unrealized (gains) losses	159,579
Total change in net deferred income tax	(1,330,440)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of goodwill, unearned premium reserve deduction, discounting of unpaid losses and depreciation.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $0 from the current year and $0 from the preceding year.

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

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

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

Access Insurance Services, Co.
AMBCO Capital Corporation
America First Insurance Company
America First Lloyds Insurance Company
American Ambassador Casualty Company (merged 10/21/2009)
American Economy Insurance Company
American Fire & Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Avomark Insurance Company
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation

Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters, Inc.
Liberty International Europe Inc.*
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings, Inc.
Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.
Liberty Mexico Holdings, Inc.
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Inc.
Liberty Mutual Holding Company Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company

NOTES TO FINANCIAL STATEMENTS

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

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

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by 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 Notes 10F, 22 and 25.

D. At December 31, 2009, the Company reported $8,948,721 due to 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.

NOTES TO FINANCIAL STATEMENTS

F. Refer to Note 25 for information regarding Inter-Company Reinsurance Agreement.

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

The Company is a party to a service agreement with Peerless Insurance Company ("PIC"). Under the Agreement, the Company provides services to PIC.

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

The Company received ($88,683) under the LMIC Tax Sharing Agreement and paid $45,414 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.

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 not entered into Federal Home Loan Bank Agreements.

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 service agreements, 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, 2009. All shares have a stated par value of $1.

2. Preferred Stock

   Not applicable

3. Dividend Restrictions

   Not applicable

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

5. The Company cannot pay a dividend in 2010 without the prior approval of the Insurance Commissioner, as its unassigned surplus is negative

6. As of December 31, 2009, the Company has restricted surplus of $865,149, from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R (refer to Note 2A) and pre-tax restricted surplus of $5,161,182 resulting from retroactive reinsurance contracts.

NOTES TO FINANCIAL STATEMENTS

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 prior year's retroactive reinsurance contracts during 2009 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative unrealized capital loss is $(296,361) after applicable deferred taxes of $159,579.

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 $857,297 that is offset by future premium tax credits of $132,980. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2009.

   During 2009 there were no material insolvencies to report. The company continues to remit payments relating to prior year insolvencies.

C. Gain Contingencies

   Not applicable

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

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

E. All other Contingencies

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

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

Note 15- Leases

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

   The 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:

NOTES TO FINANCIAL STATEMENTS

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2010	$106,074	$449,148
2011	59,159	405,897
2012	59,000	292,693
2013	58,841	179,025
2014	10,141	130,661
2015 & thereafter	34,489	615,728
Total	$327,704	$2,073,152

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

The Company did not 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 market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2009 the total fair value of securities on loan was $7,471,040, with corresponding collateral value of $7,657,361 of which $2,772,461 represents cash collateral.

C. Wash Sales

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

Note 18-Gain or Loss from Uninsured 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 $3,466. Claim payment volume was $187,013.

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

NOTES TO FINANCIAL STATEMENTS

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 2009 and 2008.

b) The Company's reported loss recoveries from the Special Disability Trust Fund was $0 in 2009 and 2008.

c) The amount the Company was assessed by the Special Disability Trust Fund was $174,695 in 2009 and $195,955 in 2008.

2) Assets in the amount of $23,666,660 and $23,465,601 as of December 31, 2009 and 2008, 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

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

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	OK	98,834	98,834
Total		98,834	98,834

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

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

(3) Impairment Loss

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

G. Sub-Prime Lending

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

Note 21- Events Subsequent

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

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

Note 22- Reinsurance

A. Excluding amounts arising pursuant to the 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.

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, 2009.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	17,562,895	234,224	98,156,607	8,144,984	(80,593,712)	(7,910,760)
All Other	0	0	0	0	0	0
Total	17,562,895	234,224	98,156,607	8,144,984	(80,593,712)	(7,910,760)

NOTES TO FINANCIAL STATEMENTS

Direct Unearned Premium Reserve: $98,156,607

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, 2009 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	2,825,431	510,479	2,825,431	510,479
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(780,000)	0	(780,000)
Totals	2,825,431	(269,521)	2,825,431	(269,521)

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's retroactive reinsurance is a result of the Inter-Company Reinsurance Agreement with LMIC.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(9,176,499)	
	2. Adjustments – Prior Year(s)	1,089,192	
	3. Adjustments – Current Year	222,354	
	4. Total	$(7,864,953)	
b.	Consideration Paid or Received:		
	1. Initial	$(4,284,194)	
	2. Adjustments – Prior Year(s)	(209,658)	
	3. Adjustments – Current Year	(9,262)	
	4. Total	$(4,503,114)	
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(145,091)	
	2. Adjustments – Prior Year(s)	(1,392,306)	
	3. Adjustments – Current Year	(355,139)	
	4. Total	$(1,892,536)	
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$5,037,396	
	2. Adjustments – Prior Year(s)	93,456	
	3. Adjustments – Current Year	123,523	
	4. Current Year Special Surplus	5,161,182	
	5. Cumulative Total Transferred to Unassigned Funds	$93,193	
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(7,864,953)	

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

G. There are no contracts recorded as deposit accounting.

Note 23 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.

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

Total accrued retro premium	$1,954,375
Less: Non-admitted amount	195,438
Admitted amount	$1,758,937

NOTES TO FINANCIAL STATEMENTS

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expenses attributable to insured events in prior years increased in 2009. The increase was primarily the result of third quarter strengthening of asbestos reserves (refer to Note 32), partially offset by small decreases in workers compensation, commercial auto liability and commercial and personal property lines. Original estimates are revised as additional information becomes known regarding individual claims.

Note 25- Inter-Company Pooling Arrangements

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

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	75.00%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	12.90%	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 Surplus Insurance Corporation (LSI)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (LMMAIC)	14486	0.00%	Personal Lines Only
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	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.

(g) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

NOTES TO FINANCIAL STATEMENTS

(h) Amount due from affiliated entity participating in the Liberty Mutual inter-company pool as at December 31, 2009:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$408,036

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

Effective January 1, 2010, LM General Insurance Company and LM Personal Insurance Company canceled their 100% Quota Share Agreements with Liberty Mutual Property and Casualty Insurance Company and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.10% Pool Participation Percentage.

Effective January 1, 2010, Bridgefield Casualty Insurance Company and Bridgefield Employers Insurance Company novated their 100% Quota Share Reinsurance Agreements with Peerless Insurance Company to substitute LMIC as the reinsurer.

Effective January 1, 2010, Liberty Lloyds of Texas Insurance Company and Liberty Mutual Personal Insurance Company terminated their 100% Quota Share Reinsurance Agreements with LMIC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.00% Pool Participation Percentage.

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2010, the Liberty Mutual Pool structure and participation percentages were revised as follows:

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	73.80%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	8.00%	All Lines
	Insurance Company of Illinois (ICIL)	26700	0.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	12.90%	All Lines
	Liberty Insurance Corporation (LIC)	42404	4.00%	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
	LM General Insurance Company (LMGIC)	36447	0.10%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company (LLOT)	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSI)	10725	0.00%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	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
	Liberty Mutual Mid-Atlantic Insurance Company (LMMAIC)	14486	0.00%	Personal Lines Only
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

Note 26- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $4,279,710 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 $4,279,710 as of December 31, 2009.

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:

Life Insurance Company & Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
The Prudential Insurance Company of America Newark, New Jersey	Yes	$2,077,655
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$1,286,044
Nationwide Life Insurance Company Columbus, Ohio	Yes	$579,072

Note 27 - Health Care Receivables

Not applicable

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

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

Note 30- High Dollar Deductible Policies

As of December 31, 2009, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $19,142,576 and the amount billed and recoverable on paid claims was $919,036.

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%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2009 liabilities subject to discount were carried at a value representing a discount of $4,458,730 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.

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

NOTES TO FINANCIAL STATEMENTS

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.

In the third quarter of 2009, the Company completed its biennial ground-up asbestos reserve study. The study was completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and it included all major segments of the Company’s direct, assumed, and ceded asbestos claims. As part of the internal review, potential exposures of certain policyholders were individually evaluated using the company's proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insured's.

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:

	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	6,809,850	7,993,000	7,399,042	6,729,228	6,252,688
Incurred losses and LAE	2,216,955	402,076	924,810	570,577	2,197,151
Calendar year payments	1,033,805	996,034	1,594,624	1,047,117	1,044,054
Ending Reserves	7,993,000	7,399,042	6,729,228	6,252,688	7,405,785
Assumed Reinsurance Basis					
Beginning Reserves	1,958,363	2,055,519	2,173,851	2,833,007	2,682,151
Incurred losses and LAE	217,778	195,244	766,586	(30,288)	(611,027)
Calendar year payments	120,622	76,912	107,430	120,568	151,381
Ending Reserves	2,055,519	2,173,851	2,833,007	2,682,151	1,919,743
Net of Ceded Reinsurance Basis					
Beginning Reserves	3,805,872	4,169,423	3,588,090	3,189,340	2,637,427
Incurred losses and LAE	877,475	48,818	340,504	56,976	1,582,207
Calendar year payments	513,924	630,151	739,254	608,889	672,153

NOTES TO FINANCIAL STATEMENTS

Ending Reserves	4,169,423	3,588,090	3,189,340	2,637,427	3,547,481

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

Direct Basis	4,903,140
Assumed Reinsurance Basis	1,429,296
Net of Ceded Reinsurance Basis	2,930,227

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

Direct Basis	2,638,632
Assumed Reinsurance Basis	14,470
Net of Ceded Reinsurance Basis	1,052,030

Environmental:	2005	2006	2007	2008	2009
Direct Basis					
Beginning Reserves	2,840,721	2,743,988	2,022,055	1,803,494	1,492,968
Incurred losses and LAE	634,264	191,404	23,525	27,349	112,614
Calendar year payments	730,997	913,337	242,086	337,875	379,427
Ending Reserves	2,743,988	2,022,055	1,803,494	1,492,968	1,226,155
Assumed Reinsurance Basis					
Beginning Reserves	283,540	209,277	191,788	163,422	162,964
Incurred losses and LAE	(48,921)	3,524	5,903	14,360	68,746
Calendar year payments	25,342	21,013	34,269	14,818	20,704
Ending Reserves	209,277	191,788	163,422	162,964	211,006
Net of Ceded Reinsurance Basis					
Beginning Reserves	2,106,854	1,707,286	1,581,464	1,454,544	1,246,349
Incurred losses and LAE	2,037	80,803	39,276	(53)	(12)
Calendar year payments	401,605	206,625	166,196	208,142	191,554
Ending Reserves	1,707,286	1,581,464	1,454,544	1,246,349	1,054,783

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

Direct Basis	701,273
Assumed Reinsurance Basis	146,288
Net of Ceded Reinsurance Basis	654,396

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

Direct Basis	566,292
Assumed Reinsurance Basis	2,613
Net of Ceded Reinsurance Basis	388,645

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

Note 35 – Financial Guarantee Insurance Contracts

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? 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 [X] No [ ]

2.2 If yes, date of change: 10/14/2009

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

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 [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] 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 [X]
4.12 renewals? Yes [X] 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 [X]
4.22 renewals? Yes [ ] No [X]

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

10. 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 0

11.13 Total book/adjusted carrying value $ 0

11.2 If yes, provide explanation:

GENERAL INTERROGATORIES

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

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

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

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

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

GENERAL INTERROGATORIES

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

18.21	To directors or other officers	$ 0
18.22	To stockholders not officers	$ 0
18.23	Trustees, supreme or grand (Fraternal only)	$ 0

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

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

19.21	Rented from others	$ 0
19.22	Borrowed from others	$ 0
19.23	Leased from others	$ 0
19.24	Other	$ 0

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

20.2 If answer is yes:

20.21	Amount paid as losses or risk adjustment	$ 0
20.22	Amount paid as expenses	$ 0
20.23	Other amounts paid	$ 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [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 reference note 17B.

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

22.5 If answer to 22.4 is yes, report amount of collateral. $ 7,657,361

22.6 If answer to 22.4 is no, report amount of collateral. $ 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.) Yes [X] No [ ]

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

23.21	Subject to repurchase agreements	$ 0
23.22	Subject to reverse repurchase agreements	$ 0
23.23	Subject to dollar repurchase agreements	$ 0
23.24	Subject to reverse dollar repurchase agreements	$ 0
23.25	Pledged as collateral	$ 0
23.26	Placed under option agreements	$ 0
23.27	Letter stock or securities restricted as to sale	$ 0
23.28	On deposit with state or other regulatory body	$ 23,666,660
23.29	Other	$ 0

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	134,328,829	138,397,005	4,068,176
28.2 Preferred stocks	0	0	0
28.3 Totals	134,328,829	138,397,005	4,068,176

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

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

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

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

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

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? $ 45,493

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
Workers Compensation Rating & INSP Bureau of MA	45,493
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

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

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 207	$ 258
2.2	Premium Denominator	$ 39,838,189	$ 44,442,231
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 19,365	$ 21,702
2.5	Reserve Denominator	$ 101,242,802	$ 100,221,374
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	$ 0
3.22	Non-participating policies	$ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

5.21	Out of Attorney's-in-fact compensation	Yes [ ] No [ ] N/A [X]
5.22	As a direct expense of the exchange	Yes [ ] No [ ] N/A [X]

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

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

5.5 If yes, give full information

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

See Note 20C

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we employ RiskLink v9.0 from RMS and AIR Clasic/2 v11.0. For WC, Liberty Mutual utilizes RiskLink v9.0 from RMS.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 20C

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

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

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 5

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

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

8.2 If yes, give full information

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

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

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

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information

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

12.11 Unpaid losses $ 642,494

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 292,462

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? $ 597,620

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 $ 32,692,722

12.62 Collateral and other funds $ 2,929,805

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 196,100

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. 11

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

18.1	Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
18.2	If yes, please provide the amount of custodial funds held as of the reporting date.	$ 0
18.3	Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
18.4	If yes, please provide the balance of the funds adminstered as of the reporting date.	$ 0

FIVE – YEAR HISTORICAL DATA

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

	1 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	309,479,512	389,331,220	367,437,247	318,689,195	216,338,722
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	14,308,883	15,308,939	15,980,064	14,740,650	13,688,938
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	32,215,871	51,202,771	52,574,317	46,483,775	37,234,178
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	67,163	(624,017)	1,204,490	996,171	798,674
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,007,932	925,238	750,465	458,857	328,210
6. Total (Line 35)	357,079,361	456,144,151	437,946,583	381,368,648	268,388,722
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	25,560,331	28,306,795	31,414,169	30,367,481	27,950,653
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,593,247	7,333,519	7,354,206	7,821,817	7,215,228
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	5,773,770	6,893,741	7,886,562	7,812,538	6,091,598
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	55,067	(633,132)	1,192,913	995,831	798,674
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,007,932	925,238	750,465	458,857	328,210
12. Total (Line 35)	39,990,347	42,826,161	48,598,315	47,456,524	42,384,363
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(4,407,228)	(2,524,984)	(2,615,608)	(1,433,246)	(3,135,398)
14. Net investment gain (loss) (Line 11)	6,043,026	6,548,442	6,569,765	6,050,728	6,047,861
15. Total other income (Line 15)	(636,319)	(494,611)	(428,144)	(327,215)	(474,044)
16. Dividends to policyholders (Line 17)	92,553	107,163	279,090	204,110	144,432
17. Federal and foreign income taxes incurred (Line 19)	(839,376)	(110,950)	301,641	1,096,041	207,017
18. Net income (Line 20)	1,746,302	3,532,634	2,945,282	2,990,116	2,086,970
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	190,333,409	188,466,372	176,625,394	165,353,821	138,473,951
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	4,750,864	4,983,519	4,246,781	3,292,424	2,797,366
20.2 Deferred and not yet due (Line 13.2)	11,261,261	9,706,858	11,001,927	11,011,264	8,279,130
20.3 Accrued retrospective premiums (Line 13.3)	1,758,937	1,916,701	2,043,160	2,783,262	2,816,403
21. Total liabilities excluding protected cell business (Page 3, Line 24)	134,395,572	134,818,233	126,415,536	118,073,760	93,755,310
22. Losses (Page 3, Line 1)	67,097,056	66,427,802	66,375,561	61,169,697	56,828,549
23. Loss adjustment expenses (Page 3, Line 3)	13,574,501	12,998,554	13,558,122	12,538,892	11,638,984
24. Unearned premiums (Page 3, Line 9)	17,562,895	17,497,338	19,387,033	18,735,073	16,797,204
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)	55,937,837	53,648,139	50,209,858	47,280,061	44,718,641
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(8,977,161)	3,707,737	15,231,538	4,037,266	8,564,055
Risk-Based Capital Analysis					
28. Total adjusted capital	55,937,837	53,648,139	50,209,858	47,280,061	44,718,641
29. Authorized control level risk-based capital	5,935,652	5,691,430	6,661,585	5,954,464	5,272,642
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)	91.3	84.2	87.3	85.6	93.8
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)	8.7	15.8	12.7	12.9	6.2
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 12, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2009	2 2008	3 2007	4 2006	5 2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	(296,361)			35,514	(35,514)
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	2,289,698	3,438,281	2,929,797	2,561,420	2,581,413
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	213,060,321	185,986,851	131,971,636	97,116,079	89,755,868
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	9,546,979	11,439,784	9,238,004	8,588,003	6,125,062
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	21,186,050	24,193,801	21,934,855	16,185,649	17,701,558
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	13,902	437,109	127,562	65,536	212,638
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	301,689	353,099	428,981	608,520	437,119
56. Total (Line 35)	244,108,941	222,410,644	163,701,038	122,563,787	114,232,245
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3,	16,349,314	19,392,257	16,059,420	14,969,097	14,948,241
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,930,884	4,340,873	4,000,030	4,517,241	3,678,338
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,212,676	5,285,420	3,564,966	3,333,881	3,858,590
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	13,902	437,109	127,562	65,536	212,638
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	301,689	353,099	428,981	608,520	437,119
62. Total (Line 35)	25,808,465	29,808,758	24,180,959	23,494,275	23,134,926
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)	65.8	67.8	61.9	61.1	63.8
65. Loss expenses incurred (Line 3)	19.5	15.8	15.9	15.3	18.8
66. Other underwriting expenses incurred (Line 4)	25.8	22.1	27.8	26.8	24.9
67. Net underwriting gain (loss) (Line 8)	(11.1)	(5.7)	(5.5)	(3.2)	(7.6)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	27.3	24.1	27.8	26.4	25.5
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	85.3	83.5	77.8	76.4	82.6
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)	71.5	79.8	96.8	100.4	94.8
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	982	(1,333)	1,250	1,974	2,045
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)	1.8	(2.7)	2.6	4.4	4.9
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(183)	951	4,515	5,381	5,348
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)	(0.4)	2.0	10.1	12.8	13.3

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

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned 1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss and Loss Expense Payments: Loss Payments 4 Direct and Assumed	5 Ceded	Defense and Cost Containment Payments 6 Direct and Assumed	7 Ceded	Adjusting and Other Payments 8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
1. Prior	X X X	X X X	X X X	2,982	961	854	246	154	1	91	2,782	X X X
2. 2000	36,578	6,402	30,176	29,636	5,393	2,478	390	3,064	63	769	29,332	X X X
3. 2001	37,842	6,656	31,186	29,041	6,935	2,342	399	2,913	51	950	26,911	X X X
4. 2002	42,951	8,788	34,163	27,413	5,997	2,164	342	3,299	38	1,448	26,499	X X X
5. 2003	47,695	11,643	36,052	24,843	5,581	2,032	230	3,506	52	1,508	24,518	X X X
6. 2004	49,111	13,007	36,104	23,928	6,287	1,770	308	3,449	188	1,473	22,364	X X X
7. 2005	50,013	11,986	38,027	27,914	8,556	1,681	324	3,449	251	1,415	23,913	X X X
8. 2006	54,231	12,700	41,531	22,532	4,326	1,464	166	3,664	272	1,380	22,896	X X X
9. 2007	57,666	14,002	43,664	23,496	5,609	1,299	172	3,668	334	1,575	22,348	X X X
10. 2008	61,460	17,017	44,443	24,984	6,467	994	125	3,910	280	1,336	23,016	X X X
11. 2009	58,529	18,692	39,837	15,892	5,758	379	69	3,123	49	804	13,518	X X X
12. Totals	X X X	X X X	X X X	252,661	61,870	17,457	2,771	34,199	1,579	12,749	238,097	X X X

	Losses Unpaid: Case Basis 13 Direct and Assumed	14 Ceded	Bulk + IBNR 15 Direct and Assumed	16 Ceded	Defense and Cost Containment Unpaid: Case Basis 17 Direct and Assumed	18 Ceded	Bulk + IBNR 19 Direct and Assumed	20 Ceded	Adjusting and Other Unpaid 21 Direct and Assumed	22 Ceded	23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
1. Prior	18,514	5,700	9,435	5,675	1,147	952	4,167	1,468	422		214	19,890	X X X
2. 2000	1,295	472	515	414	37	10	120	70	26		16	1,027	X X X
3. 2001	1,546	637	698	548	39	16	194	92	32		18	1,216	X X X
4. 2002	1,332	838	1,023	809	44	20	205	68	31		27	900	X X X
5. 2003	1,322	536	2,210	913	52	22	238	95	35		47	2,291	X X X
6. 2004	1,538	521	2,410	680	47	10	425	86	148	1	71	3,270	X X X
7. 2005	2,055	704	2,935	1,238	66	12	565	92	135	16	105	3,694	X X X
8. 2006	2,894	708	3,869	1,255	105	21	988	177	169	2	145	5,862	X X X
9. 2007	4,159	832	5,357	1,366	147	21	1,370	219	274	6	216	8,863	X X X
10. 2008	6,707	1,464	8,762	2,130	185	28	2,008	420	715	21	301	14,314	X X X
11. 2009	6,720	1,143	13,202	2,806	170	12	2,115	320	1,448	17	791	19,357	X X X
12. Totals	48,082	13,555	50,416	17,834	2,039	1,124	12,395	3,107	3,435	63	1,951	80,684	X X X

	Total Losses and Loss Expenses Incurred 26 Direct and Assumed	27 Ceded	28 Net	Loss and Loss Expense Percentage (Incurred/Premiums Earned) 29 Direct and Assumed	30 Ceded	31 Net	Nontabular Discount 32 Loss	33 Loss Expense	34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount 35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	16,574	3,316
2. 2000	37,171	6,812	30,359	101.621	106.404	100.606			0.400	924	103
3. 2001	36,805	8,678	28,127	97.260	130.379	90.191			0.400	1,059	157
4. 2002	35,511	8,112	27,399	82.678	92.308	80.201			0.400	708	192
5. 2003	34,238	7,429	26,809	71.785	63.807	74.362			0.400	2,083	208
6. 2004	33,715	8,081	25,634	68.651	62.128	71.000			0.400	2,747	523
7. 2005	38,800	11,193	27,607	77.580	93.384	72.598			0.400	3,048	646
8. 2006	35,685	6,927	28,758	65.802	54.543	69.245			0.400	4,800	1,062
9. 2007	39,770	8,559	31,211	68.966	61.127	71.480			0.400	7,318	1,545
10. 2008	48,265	10,935	37,330	78.531	64.259	83.995			0.400	11,875	2,439
11. 2009	43,049	10,174	32,875	73.552	54.430	82.524			0.400	15,973	3,384
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	67,109	13,575

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior	49,069	53,851	56,767	59,476	63,061	65,928	67,748	69,957	69,486	71,131	1,645	1,174
2. 2000	24,017	25,074	25,224	26,071	26,763	26,989	27,170	27,433	27,464	27,454	(10)	21
3. 2001	XXX	24,466	23,775	24,154	23,825	24,570	24,942	25,131	25,193	25,329	136	198
4. 2002	XXX	XXX	23,973	22,671	22,699	23,515	23,945	24,114	24,198	24,196	(2)	82
5. 2003	XXX	XXX	XXX	24,867	22,305	21,666	22,967	23,350	23,344	23,480	136	130
6. 2004	XXX	XXX	XXX	XXX	24,555	22,889	22,289	22,463	22,497	22,469	(28)	6
7. 2005	XXX	XXX	XXX	XXX	XXX	26,670	25,330	24,803	24,549	24,558	9	(245)
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	26,991	25,968	25,602	25,507	(95)	(461)
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,015	28,568	27,927	(641)	(1,088)
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,623	33,455	(168)	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,886	XXX	XXX
										12. Totals	982	(183)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	10,925	19,964	26,315	31,989	36,258	39,780	43,120	46,147	48,776	XXX	XXX
2. 2000	10,706	16,690	19,808	21,977	23,968	24,786	25,375	25,792	26,118	26,331	XXX	XXX
3. 2001	XXX	11,023	16,607	19,420	21,093	22,320	22,967	23,472	23,813	24,049	XXX	XXX
4. 2002	XXX	XXX	10,348	15,858	19,059	20,638	21,967	22,563	22,980	23,238	XXX	XXX
5. 2003	XXX	XXX	XXX	9,522	14,461	16,858	18,612	19,811	20,546	21,064	XXX	XXX
6. 2004	XXX	XXX	XXX	XXX	8,608	13,226	15,392	17,164	18,357	19,103	XXX	XXX
7. 2005	XXX	XXX	XXX	XXX	XXX	9,866	15,125	17,744	19,517	20,715	XXX	XXX
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	9,607	14,665	17,544	19,504	XXX	XXX
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,921	15,824	19,014	XXX	XXX
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,246	19,386	XXX	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,444	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End ($000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	16,447	11,438	7,868	6,292	5,454	6,585	6,843	7,360	5,891	6,895
2. 2000	6,558	2,466	1,039	702	575	421	341	410	291	182
3. 2001	XXX	6,770	2,704	1,593	772	650	525	482	328	270
4. 2002	XXX	XXX	7,104	2,744	1,175	890	709	648	442	359
5. 2003	XXX	XXX	XXX	10,280	4,171	1,852	2,202	2,062	1,693	1,537
6. 2004	XXX	XXX	XXX	XXX	11,145	6,250	4,149	3,206	2,644	2,223
7. 2005	XXX	XXX	XXX	XXX	XXX	11,965	6,478	4,230	3,007	2,368
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	12,586	7,236	4,906	3,632
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,144	8,152	5,378
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,971	8,603
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,691

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	5,167,657	5,359,693	6,050	3,110,751	5,014,870	9,859,679		
2. Alaska AK	L	2,943,599	2,627,856	1,316	1,001,868	2,629,756	4,362,662		
3. Arizona AZ	L	8,095,498	7,934,118	1,375	2,430,409	4,763,346	7,665,890		
4. Arkansas AR	L	1,978,700	2,010,565	439	1,009,066	563,336	2,416,454		
5. California CA	L	21,449,679	27,645,523	18,304	24,710,816	25,456,720	76,113,682		
6. Colorado CO	L	2,709,529	3,301,676	14,815	3,142,264	1,936,724	5,106,748		
7. Connecticut CT	L	6,998,250	7,783,071	172	5,290,836	6,734,339	11,919,035		
8. Delaware DE	L	1,793,556	1,982,799		1,147,751	767,699	3,756,213		
9. District of Columbia DC	L	391,222	540,486	41	188,663	94,393	646,597		
10. Florida FL	L	17,069,337	15,512,841	1,082,875	9,153,287	7,963,806	25,489,284		
11. Georgia GA	L	9,577,846	8,713,737	64,803	4,650,765	7,266,543	14,464,881		
12. Hawaii HI	L	943,012	1,209,495	8,760	663,072	1,062,994	1,665,943		
13. Idaho ID	L	663,896	664,794	193	266,870	192,081	670,865		
14. Illinois IL	L	24,739,812	25,587,816	4,908	19,025,049	23,782,065	40,825,561		
15. Indiana IN	L	3,485,229	3,247,798	1,320	2,568,974	2,543,938	5,311,165		
16. Iowa IA	L	2,905,748	2,529,987	196	3,222,699	2,817,365	5,478,322		
17. Kansas KS	L	4,547,960	4,415,483	199	1,998,515	2,309,962	6,233,369		
18. Kentucky KY	L	3,711,049	4,109,171	311	3,459,914	3,912,437	9,410,981		
19. Louisiana LA	L	3,192,540	2,792,200	3,860	607,742	1,019,238	2,874,476		
20. Maine ME	L	506,780	499,052	315	558,787	411,747	1,602,569		
21. Maryland MD	L	3,616,428	3,601,204	(2,466)	3,776,381	4,207,312	9,363,229		
22. Massachusetts MA	L	8,103,356	7,842,603	30,482	6,280,092	5,835,929	16,221,106		
23. Michigan MI	L	5,973,005	5,957,138	1,287	4,828,342	7,734,714	13,029,449		
24. Minnesota MN	L	8,358,176	8,422,303	29,768	6,955,885	6,170,976	13,190,956		
25. Mississippi MS	L	3,533,752	3,941,071	385	2,416,959	2,491,882	6,295,825		
26. Missouri MO	L	5,957,510	6,492,927	(611)	4,652,738	3,579,930	9,386,501		
27. Montana MT	L	1,034,531	1,143,583	360	492,186	709,981	2,481,770		
28. Nebraska NE	L	1,420,313	1,769,128	(128)	1,121,738	846,972	3,761,588		
29. Nevada NV	L	1,087,004	1,611,196	754	3,046,542	2,514,108	4,561,863		
30. New Hampshire NH	L	3,218,203	3,138,150	1,655	2,875,605	2,697,276	4,729,852		
31. New Jersey NJ	L	10,456,028	9,622,408	356,513	3,883,595	5,210,215	12,585,822		
32. New Mexico NM	L	1,314,266	1,538,228	18,916	926,370	1,066,277	2,644,164		
33. New York NY	L	29,691,448	29,412,056	73,989	15,273,006	20,901,558	66,086,604		
34. North Carolina NC	L	6,889,932	6,996,550	48,960	5,759,192	6,905,047	12,048,754		
35. North Dakota ND	L	560,394	639,849	18	78,996	209,225	430,679		
36. Ohio OH	L	1,572,712	1,653,972	2	553,425	737,594	1,793,349		
37. Oklahoma OK	L	7,373,215	6,907,558	7,722	3,305,188	6,092,523	12,080,265		
38. Oregon OR	L	2,253,853	2,604,930	3,275	2,546,879	1,933,643	3,588,872		
39. Pennsylvania PA	L	17,552,493	16,056,913	4,794	16,831,268	15,852,166	31,203,816		
40. Rhode Island RI	L	1,245,778	1,139,731	1,262	853,875	937,722	1,430,753		
41. South Carolina SC	L	2,740,172	3,289,257	1,904	2,422,317	1,928,083	7,048,806		
42. South Dakota SD	L	728,478	735,817		363,087	271,222	923,281		
43. Tennessee TN	L	7,696,224	8,205,164	7,010	5,725,748	6,413,861	15,430,926		
44. Texas TX	L	11,021,962	11,151,597	5,591	6,431,926	6,583,591	28,017,279		
45. Utah UT	L	983,237	1,053,547	549	1,065,624	848,044	3,204,497		
46. Vermont VT	L	789,740	1,137,773	533	1,594,245	943,251	2,668,095		
47. Virginia VA	L	6,654,335	6,006,142	1,115	4,505,864	4,437,461	9,816,096		
48. Washington WA	L	1,222,593	1,518,123	2	934,151	919,458	2,280,697		
49. West Virginia WV	L	820,517	890,646	42	317,762	663,108	901,608		
50. Wisconsin WI	L	40,434,536	40,029,890	7,917,857	20,251,946	25,295,844	49,667,972		
51. Wyoming WY	L	188,210	194,851	6	14,929	402,175	478,872		
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N	81	121	(124)	6,515	19,015	20,000		
55. U.S. Virgin Islands VI	N	13	37			(61)	102		
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Alien OT	XXX	(274,380)	(274,472)	(18)		30	2,860		
59. Totals	(a) 51	317,089,014	322,898,152	9,721,656	218,300,474	246,603,491	583,250,684		

DETAILS OF WRITE-INS									
5801. Other Alien	XXX	(274,380)	(274,472)	(18)		30	2,860		
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	(274,380)	(274,472)	(18)		30	2,860		

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

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

*State of employee's main work place - Worker's Compensation *Location of Court - Surety

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage *Address of Assured - Other Accident and Health

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty *Location of Properties covered - Burglary and Theft

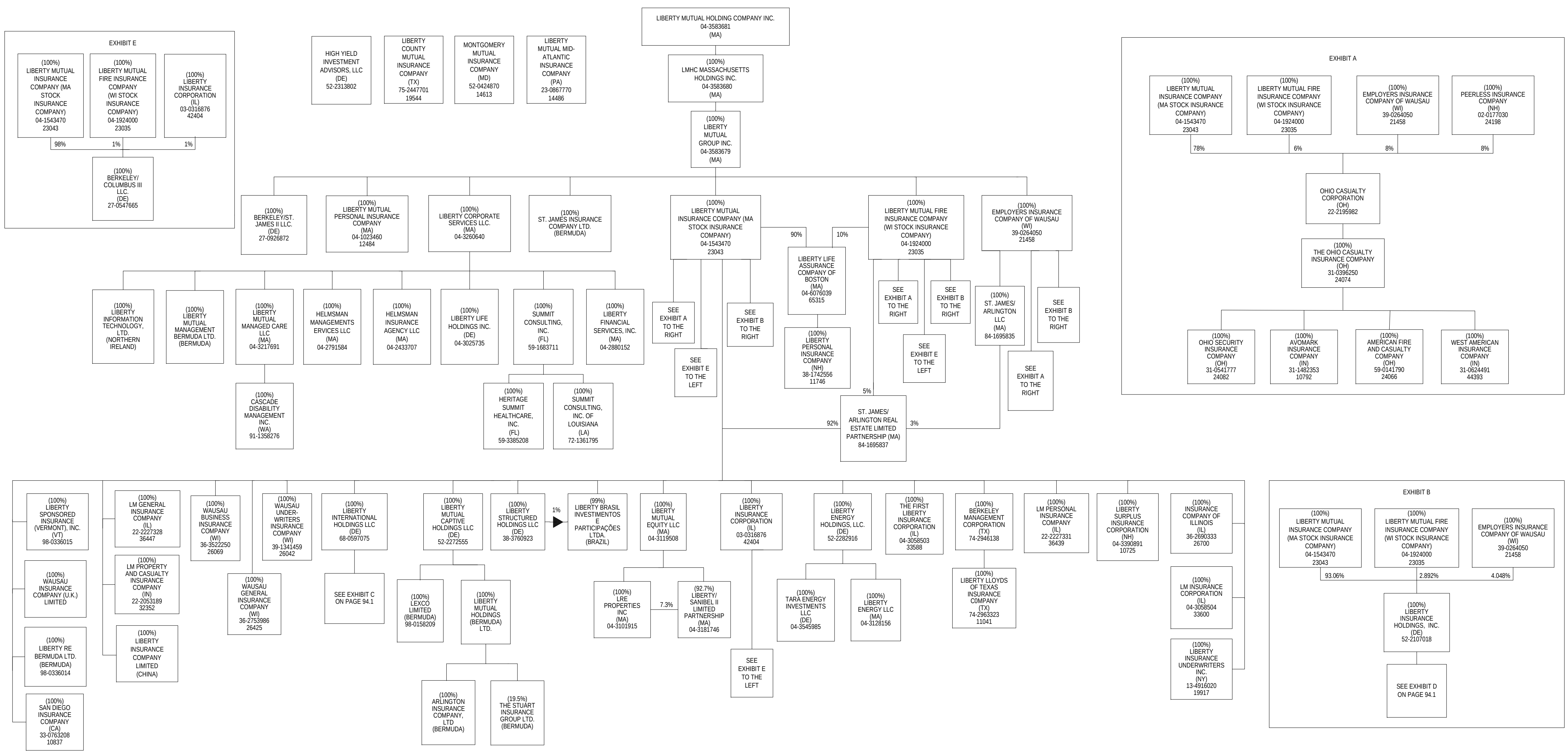
*Point of origin of shipment or principal location of assured - Inland Marine *Principal Location of Assured - Ocean Marine, Credit

*State in which employees regularly work - Group Accident and Health *Primary Residence of Assured - Aircraft (all perils)

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

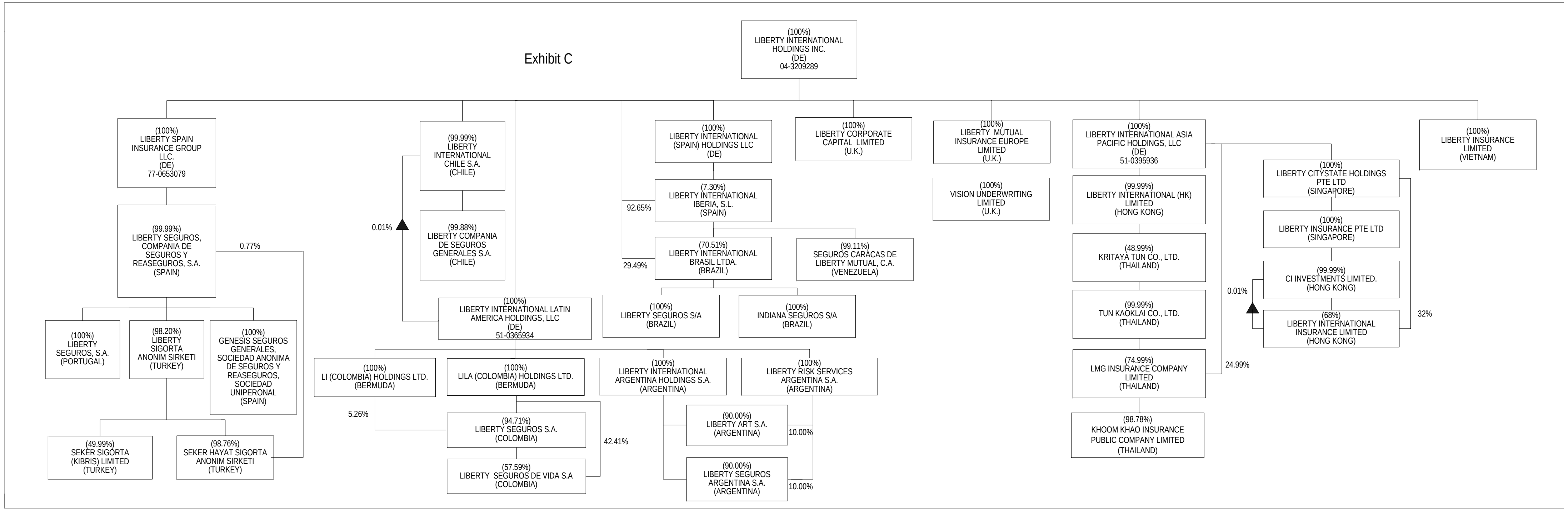
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

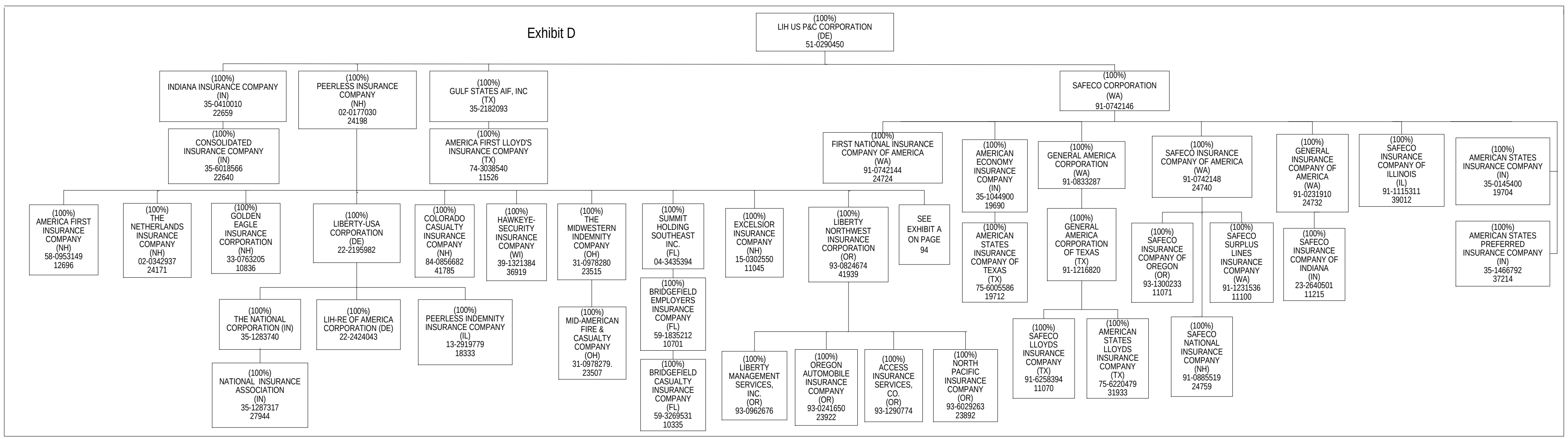
PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART





OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2304. Equities and deposits in pools & associations	146,851		146,851	189,945
2397. Totals (Lines 2301. through 2396.) (Page 2, Line 2398)	146,851		146,851	189,945

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES	1 Current Year	2 Prior Year
2304. Private Passenger auto escrow	3,753	
2305. Retroactive reinsurance reserves	(8,644,953)	(8,867,324)
2397. Totals (Lines 2304 through 2396) (Page 3, Line 2398)	(8,641,200)	(8,867,324)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT