

ANNUAL STATEMENT

OF THE

AMERICAN STATES INSURANCE COMPANY

of **INDIANAPOLIS**

in the state of **INDIANA**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2010

PROPERTY AND CASUALTY

2010



19704201020100100

ANNUAL STATEMENT

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

American States Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 19704 Employer's ID Number 35-0145400

Organized under the Laws of Indiana, State of Domicile or Port of Entry Indiana

Country of Domicile United States of America

Incorporated/Organized: July 15, 1929 Commenced Business July 15, 1929

Statutory Home Office 350 East 96th Street, Indianapolis, IN 46240

Main Administrative Office: 175 Berkeley Street, Boston, MA 02116

617-357-9500 (Area Code) (Telephone Number)

Mail Address: 175 Berkeley Street, Boston, MA 02116

Primary Location of Books and Records: 175 Berkeley Street, Boston, MA 02116

Internet Web Site Address WWW.SAFECO.COM

Statutory Statement Contact: Pamela Heenan, 617-357-9500 x44689

OFFICERS

Chairman of the Board

Gary Richard Gregg

Table with 2 columns: Name, Title. Rows include Gary Richard Gregg (President and Chief Executive Officer), Dexter Robert Legg (Secretary), Michael Joseph Fallon (Treasurer and Chief Financial Officer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Rows include Anthony Alexander Fontanes (EVP and Chief Investment Officer), Joseph Anthony Gilles (Executive Vice President), Scott Rhodes Goodby (EVP and Chief Operating Officer).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include John Derek Doyle, Gary Richard Gregg, Michael Joseph Fallon, Kevin John Kirschner, Joseph Anthony Gilles, Christopher Charles Mansfield, Scott Rhodes Goodby.

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) James Paul Condrin, III (Printed Name) 1. President and Chief Executive Officer (Title)
(Signature) Dexter Robert Legg (Printed Name) 2. Secretary (Title)
(Signature) Michael Joseph Fallon (Printed Name) 3. Treasurer and Chief Financial Officer (Title)

Subscribed and sworn to (or affirmed) before me on this 15th day of February, 2011, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	1,227,792,281		1,227,792,281	1,588,970,978
2. Stocks (Schedule D):				
2.1 Preferred stocks	10,846,550		10,846,550	25,707,300
2.2 Common stocks	48,585,636		48,585,636	2,912,786
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 (\$ 50,075,271, Schedule E - Part 1), cash equivalents (\$ 5,621,118, Schedule E - Part 2), and short-term investments (\$ 39,879,642, Schedule DA)	95,576,031		95,576,031	101,632,586
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)	2,681,185		2,681,185	2,564,163
9. Receivables for securities	2,852,093		2,852,093	
10. Securities lending reinvested collateral assets	29,660,375		29,660,375	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,417,994,151		1,417,994,151	1,721,787,813
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	12,304,131		12,304,131	17,988,140
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	30,573,704	3,291,381	27,282,323	30,110,678
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ (1,909,059) earned but unbilled premiums)	219,423,706	5,088	219,418,618	213,800,567
15.3 Accrued retrospective premiums	773,461	77,235	696,226	1,241,056
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	31,559,226		31,559,226	28,799,591
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	13,012,956		13,012,956	9,627,129
18.2 Net deferred tax asset	4,418,550		4,418,550	24,049,000
19. Guaranty funds receivable or on deposit	1,284,159		1,284,159	1,407,043
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				16,645,846
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	7,686,448	1,027,712	6,658,736	6,459,175
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,739,030,492	4,401,416	1,734,629,076	2,071,916,038
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,739,030,492	4,401,416	1,734,629,076	2,071,916,038

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	4,418,094		4,418,094	4,306,810
2502. Equities and deposits in pools and associations	2,010,425		2,010,425	1,804,168
2503. Other assets	1,257,929	1,027,712	230,217	348,197
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,686,448	1,027,712	6,658,736	6,459,175

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	678,721,474	714,422,661
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	45,540,456	46,058,340
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	151,481,436	170,091,462
4. Commissions payable, contingent commissions and other similar charges	20,499,969	20,244,536
5. Other expenses (excluding taxes, licenses and fees)	5,999,760	24,033,099
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	6,855,744	7,285,399
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 \$ 201,452,937 and including warranty reserves of \$ 0)	368,839,985	349,686,193
10. Advance premium	2,499,879	2,489,094
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	71,239	645,238
12. Ceded reinsurance premiums payable (net of ceding commissions)	26,136,729	29,230,925
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	(370,746)	(572,956)
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	24,876,945	24,973,040
19. Payable to parent, subsidiaries and affiliates	20,580,639	2,188,595
20. Derivatives		
21. Payable for securities	10,192,870	10,634,375
22. Payable for securities lending	29,660,375	
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	13,018,203	28,745,245
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,404,604,957	1,430,155,246
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	1,404,604,957	1,430,155,246
29. Aggregate write-ins for special surplus funds	1,643,803	1,515,138
30. Common capital stock	5,000,000	5,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	303,892,772	557,757,202
35. Unassigned funds (surplus)	19,487,544	77,488,452
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	330,024,119	641,760,792
38. Totals (Page 2, Line 28, Col. 3)	1,734,629,076	2,071,916,038

DETAILS OF WRITE-IN LINES		
2501. Retroactive reinsurance reserves	7,250,479	6,845,203
2502. Other liabilities	3,943,331	5,736,324
2503. Accrued return retrospective premiums	925,238	942,848
2598. Summary of remaining write-ins for Line 25 from overflow page	899,155	15,220,870
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	13,018,203	28,745,245
2901. Special surplus from retroactive reinsurance	1,643,803	1,515,138
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	1,643,803	1,515,138
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	783,877,680	796,216,268
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	439,214,459	403,802,171
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	92,537,763	94,534,791
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	263,432,904	264,333,136
5. Aggregate write-ins for underwriting deductions	(42,880)	124,217
6. Total underwriting deductions (Lines 2 through 5)	795,142,246	762,794,315
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(11,264,566)	33,421,953
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	63,307,965	77,883,936
10. Net realized capital gains (losses) less capital gains tax of \$ 4,769,651 (Exhibit of Capital Gains (Losses))	8,857,923	(7,256,205)
11. Net investment gain (loss) (Lines 9 + 10)	72,165,888	70,627,731
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 45,742 amount charged off \$ 3,339,501)	(3,293,759)	(3,524,426)
13. Finance and service charges not included in premiums	6,916,996	6,788,326
14. Aggregate write-ins for miscellaneous income	(9,822,983)	(4,650,619)
15. Total other income (Lines 12 through 14)	(6,199,746)	(1,386,719)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	54,701,576	102,662,965
17. Dividends to policyholders	(267,845)	3,406,699
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)	54,969,421	99,256,266
19. Federal and foreign income taxes incurred	(8,142,451)	11,065,288
20. Net income (Line 18 minus Line 19) (to Line 22)	63,111,872	88,190,978
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	641,760,792	541,248,584
22. Net income (from Line 20)	63,111,872	88,190,978
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 1,031,539	1,915,715	8,168,734
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(18,598,911)	(13,145,770)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	2,296,750	4,456,838
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		18,788,857
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	(253,864,430)	
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(106,135,570)	
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(462,099)	(5,947,429)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(311,736,673)	100,512,208
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	330,024,119	641,760,792

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	(42,880)	124,217
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)	(42,880)	124,217
1401. Other income/(expense)	(115,672)	(4,547,967)
1402. Retroactive reinsurance gain/(loss)	(9,707,311)	(102,652)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(9,822,983)	(4,650,619)
3701. Other changes in surplus	(462,099)	(5,947,429)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(462,099)	(5,947,429)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	799,127,627	699,150,793
2. Net investment income	73,826,576	84,579,918
3. Miscellaneous income	(12,409,121)	(4,602,675)
4. Total (Lines 1 through 3)	860,545,082	779,128,036
5. Benefit and loss related payments	478,289,259	400,380,578
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	392,176,073	394,116,297
8. Dividends paid to policyholders	306,154	4,007,969
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	13,027	1,254,990
10. Total (Lines 5 through 9)	870,784,513	799,759,834
11. Net cash from operations (Line 4 minus Line 10)	(10,239,431)	(20,631,798)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	885,356,235	508,622,462
12.2 Stocks	19,901,534	29,841,090
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		889,288
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		(19,403)
12.7 Miscellaneous proceeds	(2,852,092)	(359)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	902,405,677	539,333,078
13. Cost of investments acquired (long-term only):		
13.1 Bonds	516,312,960	677,546,413
13.2 Stocks	46,955,009	5,204,039
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	29,660,375	55,055
13.6 Miscellaneous applications	441,504	(10,632,199)
13.7 Total investments acquired (Lines 13.1 to 13.6)	593,369,848	672,173,308
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)	309,035,829	(132,840,230)
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	(253,864,430)	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	106,135,570	
16.6 Other cash provided (applied)	55,147,047	68,327,509
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(304,852,953)	68,327,509
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(6,056,555)	(85,144,519)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	101,632,586	186,777,105
19.2 End of year (Line 18 plus Line 19.1)	95,576,031	101,632,586

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	368,707,423
20.0002	12.2 - Proceeds from investments sold, matured or repaid - Stocks	18,081,642
20.0003	16.5 - Dividends to stockholders	106,135,570
20.0004	16.2 - Capital and paid in surplus, less treasury stock	(212,377,174)

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	14,022,961	7,221,600	7,580,064	13,664,497
2. Allied lines	11,867,050	5,809,556	6,293,970	11,382,636
3. Farmowners multiple peril	5,873,482	2,818,145	2,949,737	5,741,890
4. Homeowners multiple peril	114,876,653	57,042,218	60,872,770	111,046,101
5. Commercial multiple peril	140,972,460	74,198,169	72,142,671	143,027,958
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	12,864,477	6,325,871	6,184,656	13,005,692
10. Financial guaranty				
11.1 Medical professional liability—occurrence	58,771	30,729	27,462	62,038
11.2 Medical professional liability—claims-made	8,163	2,985	3,174	7,974
12. Earthquake	2,600,223	1,365,797	1,321,287	2,644,733
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	(6,052)	6,052		
16. Workers' compensation	68,637,931	28,695,833	28,917,749	68,416,015
17.1 Other liability—occurrence	41,554,274	21,242,245	20,293,437	42,503,082
17.2 Other liability—claims-made	1,748,225	754,083	812,299	1,690,009
17.3 Excess Workers' Compensation		37,333		37,333
18.1 Products liability—occurrence	1,070,367	734,203	565,680	1,238,890
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	149,638,109	43,200,010	53,906,045	138,932,074
19.3,19.4 Commercial auto liability	64,140,985	32,681,008	31,056,396	65,765,597
21. Auto physical damage	115,762,125	38,097,228	44,427,224	109,432,129
22. Aircraft (all perils)				
23. Fidelity	497,065	416,601	406,767	506,899
24. Surety	55,030,579	32,825,863	33,121,803	54,734,639
26. Burglary and theft	23,525	14,536	11,336	26,725
27. Boiler and machinery	14,487	2,576	6,294	10,769
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability				
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	801,255,860	353,522,641	370,900,821	783,877,680

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	7,580,002	62			7,580,064
2. Allied lines	6,293,899	71			6,293,970
3. Farmowners multiple peril	2,949,737				2,949,737
4. Homeowners multiple peril	60,872,770				60,872,770
5. Commercial multiple peril	71,161,886	1,188	975,318	4,281	72,142,673
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	6,160,431	24,225			6,184,656
10. Financial guaranty					
11.1 Medical professional liability—occurrence	27,462				27,462
11.2 Medical professional liability—claims-made	3,165	9			3,174
12. Earthquake	1,321,287				1,321,287
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	27,968,324		797,648	151,777	28,917,749
17.1 Other liability—occurrence	20,104,710	75,622	117,386	(4,281)	20,293,437
17.2 Other liability—claims-made	796,618	13,968	1,712		812,298
17.3 Excess Workers' Compensation					
18.1 Products liability—occurrence	548,610	75	16,995		565,680
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	53,906,045				53,906,045
19.3,19.4 Commercial auto liability	30,758,774	297,622			31,056,396
21. Auto physical damage	44,366,369	60,855			44,427,224
22. Aircraft (all perils)					
23. Fidelity	148,248	258,519			406,767
24. Surety	17,659,140	15,462,664			33,121,804
26. Burglary and theft	11,336				11,336
27. Boiler and machinery	6,294				6,294
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	352,645,107	16,194,880	1,909,059	151,777	370,900,823
36. Accrued retrospective premiums based on experience					(151,777)
37. Earned but unbilled premiums					(1,909,059)
38. Balance (Sum of Lines 35 through 37)					368,839,987

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	6,755,536	14,022,961		6,755,536		14,022,961
2. Allied lines	7,607,288	11,867,050		7,607,288		11,867,050
3. Farmowners multiple peril	19,278,024	5,873,482		19,278,024		5,873,482
4. Homeowners multiple peril	423,882	114,876,653		423,882		114,876,653
5. Commercial multiple peril	127,024,638	140,972,460		127,024,638		140,972,460
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	12,816,638	12,864,477		12,816,638		12,864,477
10. Financial guaranty						
11.1 Medical professional liability--occurrence		58,771				58,771
11.2 Medical professional liability--claims-made		8,163				8,163
12. Earthquake	633,933	2,600,223		633,933		2,600,223
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	701,801	(6,052)		701,801		(6,052)
16. Workers' compensation	22,234,744	68,637,931		22,234,744		68,637,931
17.1 Other liability—occurrence	83,203,732	41,554,274		83,203,732		41,554,274
17.2 Other liability—claims-made	480,789	1,748,225		480,789		1,748,225
17.3 Excess Workers' Compensation						
18.1 Products liability—occurrence	1,811,451	1,070,367		1,811,451		1,070,367
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	18,830,449	149,638,109		18,830,449		149,638,109
19.3,19.4 Commercial auto liability	75,597,474	64,140,985		75,597,474		64,140,985
21. Auto physical damage	27,784,604	115,762,125		27,784,604		115,762,125
22. Aircraft (all perils)						
23. Fidelity	503,741	497,066		503,741		497,066
24. Surety	7,638,314	55,030,579		7,638,314		55,030,579
26. Burglary and theft	67,455	23,525		67,455		23,525
27. Boiler and machinery	313,793	14,487		313,793		14,487
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	413,708,286	801,255,861		413,708,286		801,255,861

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	2,503,218	1,574,161	2,503,218	1,574,161	331,543	902,475	331,543	2,476,636	205,057
2. Allied lines	894,496	1,775,922	894,496	1,775,922	286,446	295,842	286,446	2,071,764	91,045
3. Farmowners multiple peril	5,626,148	1,488,771	5,626,148	1,488,771	687,810	275,035	687,810	1,763,806	344,585
4. Homeowners multiple peril	55,604	19,469,674	55,604	19,469,674	1,513,382	10,236,716	1,513,382	29,706,390	4,335,473
5. Commercial multiple peril	97,103,317	79,276,920	97,103,317	79,276,920	72,706,496	51,101,642	72,706,496	130,378,562	61,069,292
6. Mortgage guaranty									
8. Ocean marine		362		362		(424)		(62)	
9. Inland marine	408,929	691,289	408,929	691,289	557,912	390,778	557,912	1,082,067	508,022
10. Financial guaranty									
11.1 Medical professional liability—occurrence		32,283		32,283		147,394		179,677	96,043
11.2 Medical professional liability—claims-made						36,722		36,722	10,178
12. Earthquake		2,997		2,997				2,997	(699)
13. Group accident and health							(a)		(194)
14. Credit accident and health (group and individual)									
15. Other accident and health	2,966,425	805,335	2,966,425	805,335	2,955,856	2,637,522	2,955,856	3,442,857	387,374
16. Workers' compensation	173,225,096	139,822,989	173,225,096	139,822,989	52,277,476	71,982,186	52,277,476	211,805,175	24,053,197
17.1 Other liability—occurrence	61,279,407	22,663,305	61,279,407	22,663,305	125,376,098	50,526,817	125,376,098	73,190,122	18,916,846
17.2 Other liability—claims-made	940,117	1,497,935	940,117	1,497,935	197,623	2,481,552	197,623	3,979,487	1,774,159
17.3 Excess Workers' Compensation									27
18.1 Products liability—occurrence	2,667,867	789,911	2,667,867	789,911	1,199,520	824,238	1,199,520	1,614,149	802,412
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	35,426,552	89,304,387	35,426,552	89,304,387	1,350,150	16,630,412	1,350,150	105,934,799	20,211,866
19.3,19.4 Commercial auto liability	90,813,234	45,743,829	90,813,235	45,743,828	45,058,957	25,918,875	45,058,957	71,662,703	11,173,693
21. Auto physical damage	1,759,930	2,559,544	1,759,930	2,559,544	(234,019)	1,867,737	(234,019)	4,427,281	831,435
22. Aircraft (all perils)		5,989		5,989				5,989	
23. Fidelity	33,331	23,139	33,331	23,139	30,513	38,384	30,513	61,523	65,736
24. Surety	(45,736,527)	(6,249,303)	(45,736,527)	(6,249,303)	1,157,054	26,265,970	1,157,054	20,016,667	6,270,895
26. Burglary and theft		45		45	1,091	223	1,091	268	1,066
27. Boiler and machinery	26,018	(494)	26,018	(494)	8,892	4,443	8,892	3,949	4,185
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X	6,953,650		6,953,650	X X X	7,924,296		14,877,946	329,742
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	429,993,162	408,232,640	429,993,163	408,232,639	305,462,800	270,488,835	305,462,800	678,721,474	151,481,435

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	6,625,272			6,625,272
1.2 Reinsurance assumed	30,623,205			30,623,205
1.3 Reinsurance ceded	6,625,272			6,625,272
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	30,623,205			30,623,205
2. Commission and brokerage:				
2.1 Direct, excluding contingent		59,253,864		59,253,864
2.2 Reinsurance assumed, excluding contingent		119,150,036		119,150,036
2.3 Reinsurance ceded, excluding contingent		59,253,864		59,253,864
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed		13,646,282		13,646,282
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		132,796,318		132,796,318
3. Allowances to manager and agents	10,875	56,442	27	67,344
4. Advertising	1,045,636	5,224,709	14,026	6,284,371
5. Boards, bureaus and associations	310,871	1,598,021	462	1,909,354
6. Surveys and underwriting reports	911,301	4,545,976	16,132	5,473,409
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	37,278,111	42,827,622	1,607,906	81,713,639
8.2 Payroll taxes	751,337	4,827,178	113,851	5,692,366
9. Employee relations and welfare	3,239,359	16,485,273	121,953	19,846,585
10. Insurance	2,570,325	569,577	13,550	3,153,452
11. Directors' fees	547	2,857	1	3,405
12. Travel and travel items	2,289,340	3,661,249	35,414	5,986,003
13. Rent and rent items	1,569,117	5,791,270	41,346	7,401,733
14. Equipment	1,422,049	5,440,665	44,695	6,907,409
15. Cost or depreciation of EDP equipment and software	793,329	3,627,109	29,298	4,449,736
16. Printing and stationery	424,401	933,327	5,475	1,363,203
17. Postage, telephone and telegraph, exchange and express	1,289,121	4,995,264	54,212	6,338,597
18. Legal and auditing	321,877	732,143	77,060	1,131,080
19. Totals (Lines 3 to 18)	54,227,596	101,318,682	2,175,408	157,721,686
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 247,749		18,092,084		18,092,084
20.2 Insurance department licenses and fees		2,228,073		2,228,073
20.3 Gross guaranty association assessments		(254,290)		(254,290)
20.4 All other (excluding federal and foreign income and real estate)		2,052,211		2,052,211
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		22,118,078		22,118,078
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	7,686,962	7,199,829	360,271	15,247,062
25. Total expenses incurred	92,537,763	263,432,907	2,535,679	(a) 358,506,349
26. Less unpaid expenses—current year	151,481,436	33,355,472		184,836,908
27. Add unpaid expenses—prior year	170,091,462	51,563,034		221,654,496
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	111,147,789	281,640,469	2,535,679	395,323,937

DETAILS OF WRITE-IN LINES				
2401. Other expenses	5,498,557	7,199,829	360,271	13,058,657
2402. Change in unallocated expense reserves	2,188,405			2,188,405
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	7,686,962	7,199,829	360,271	15,247,062

(a) Includes management fees of \$ 2,535,679 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	13,311,922	12,362,209
1.1 Bonds exempt from U.S. tax	(a)	31,966,758	25,527,408
1.2 Other bonds (unaffiliated)	(a)	23,708,113	25,502,903
1.3 Bonds of affiliates	(a)		
2.1 Preferred stocks (unaffiliated)	(b)	890,450	756,589
2.11 Preferred stocks of affiliates	(b)		
2.2 Common stocks (unaffiliated)		92,364	134,858
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)	248,402	250,033
7. Derivative instruments	(f)		
8. Other invested assets		416,751	416,751
9. Aggregate write-ins for investment income		892,894	892,894
10. Total gross investment income		71,527,654	65,843,645
11. Investment expenses	(g)		2,535,680
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)			2,535,680
17. Net investment income (Line 10 minus Line 16)			63,307,965

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income		892,894	892,894
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)		892,894	892,894
1501.			
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)			

- (a) Includes \$ 2,070,069 accrual of discount less \$ 6,904,671 amortization of premium and less \$ 1,279,822 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	5,762,853		5,762,853		
1.1 Bonds exempt from U.S. tax	10,732,140	(3,429,245)	7,302,895	96,589	
1.2 Other bonds (unaffiliated)	899,995	(1,592,988)	(692,993)	229,837	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	669,100		669,100	(614,750)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	640,719		640,719	3,063,556	
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		(55,000)	(55,000)	172,022	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	18,704,807	(5,077,233)	13,627,574	2,947,254	

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	3,291,381	4,778,753	1,487,372
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,088	(132,672)	(137,760)
15.3 Accrued retrospective premiums	77,235	169,665	92,430
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	1,027,712	1,882,421	854,709
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,401,416	6,698,167	2,296,751
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	4,401,416	6,698,167	2,296,751

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	1,027,712	1,882,421	854,709
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,027,712	1,882,421	854,709

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 Indiana, the accompanying financial statements of American States Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

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

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

C. Accounting Policies

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

In addition, the Company applies the following accounting policies, where applicable:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
3. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).
4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).
5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.
6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. Investments in SCA companies are carried in accordance with SSAP No. 97, Investment in Subsidiaries, Controlled Entities and Affiliates, and the SVO Manual.
8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Companies, and the SVO Manual.
9. Derivative Securities, refer to Note 8.
10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2010.
13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

NOTES TO FINANCIAL STATEMENTS

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2010 as of December 31, 2010: None.
3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2010:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
59023XAB2	\$2,108,279	\$1,844,135	\$264,144	\$1,844,135	\$1,846,863	3/31/2009
59023XAB2	1,398,053	1,213,436	184,617	1,213,436	965,957	12/31/2009
59023XAB2	924,777	902,805	21,972	902,805	706,347	3/31/2010
61746WFH8	1,054,970	902,079	152,891	902,079	826,225	9/30/2010
61749BAB9	2,200,265	2,089,959	110,306	2,089,959	2,089,959	12/31/2009
61749BAB9	1,838,301	1,822,061	16,240	1,822,061	1,786,968	3/31/2010
61749BAB9	1,483,889	1,476,693	7,196	1,476,693	1,372,117	12/31/2010
05551PAC0	180,847	84,710	96,137	84,710	84,709	12/31/2010

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

	1	2
	Less Than 12 Months	Greater Than 12 Months
Gross Unrealized Loss	\$(285,415)	\$(480,018)
Fair Value of Securities with Unrealized Losses	25,647,500	2,874,464

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

NOTES TO FINANCIAL STATEMENTS

Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Repurchase Agreements and Securities Lending

1. The Company did not enter into any repurchase agreements during the year.
2. The Company maintained collateral for loaned securities.
 - (1) For loaned securities, Company policies require a minimum of 102% of the fair value of securities loaned to be maintained as collateral. Cash collateral received is invested in short-term investments.
 - (2) The Company has not pledged any of its assets as collateral.
 - (3) Sources of collateral are cash and securities. Cash collateral is reinvested by the lending agent in short term securities.
3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	\$ 29,664,781
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Sub-Total	29,664,781
Securities Received	-
Total Collateral Received	\$ 29,664,781

4. Securities Lending Transactions Administered by an Affiliated Agent

Not applicable

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	-	-
30 Days or Less	\$ 15,882,466	\$ 15,882,824
31 to 60 Days	12,760,135	12,760,731
61 to 90 Days	1,020,875	1,021,226
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	29,663,476	29,664,781
Securities Received	-	-
Total Collateral Reinvested	\$ 29,663,476	\$ 29,664,781

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

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. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets.

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

NOTES TO FINANCIAL STATEMENTS

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of \$55,000 during the year.

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2010.

Note 8- Derivative Instruments

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

Note 9 – Income Taxes

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	95,700,650	3,704,050	99,404,700	111,882,658	3,482,342	115,365,000	(16,182,008)	221,708	(15,960,300)
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	95,700,650	3,704,050	99,404,700	111,882,658	3,482,342	115,365,000	(16,182,008)	221,708	(15,960,300)
Deferred Tax Liabilities	(5,863,627)	(89,122,523)	(94,986,150)	(90,962,542)	(353,458)	(91,316,000)	85,098,915	(88,769,065)	(3,670,150)
Net DTA (DTL)	89,837,023	(85,418,473)	4,418,550	20,920,116	3,128,884	24,049,000	68,916,907	(88,547,357)	(19,630,450)
Deferred Tax Assets Nonadmitted	0	0	0	0	0	0	0	0	0
Net Admitted DTA (DTL)	89,837,023	(85,418,473)	4,418,550	20,920,116	3,128,884	24,049,000	68,916,907	(88,547,357)	(19,630,450)

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

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	8,703,810	0	8,703,810	9,458,000	2,743,000	12,201,000	(754,190)	(2,743,000)	3,497,190)
Lesser of:									
Expected to be recognized within one year (10bi.)	48,273,107	1,315,377	49,588,484	39,346,267	386,000	39,732,267	8,926,840	929,377	9,856,217
10% of adjusted capital and surplus (10bii.)	27,576,647	1,315,377	28,892,024			58,856,520			
Adj. gross DTAs offset against existing DTLs (10c.)	5,863,627	55,945,239	61,808,866	63,078,391	353,343	63,431,734	(57,214,764)	55,591,896	(1,622,868)
Total	42,144,084	57,260,616	99,404,700	111,882,658	3,482,343	115,365,001	(69,738,574)	53,778,273	(15,960,301)

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	89,837,023	(85,418,473)	4,418,550	20,920,116	3,128,884	24,049,000	68,916,907	(88,547,357)	(19,630,450)
Admitted Assets			1,734,629,076			2,071,916,038			(337,286,962)
Adjusted Statutory Surplus			330,024,119			641,760,792			(311,736,673)
Total Adjusted Capital from DTAs			330,024,119			641,760,792			(311,736,673)

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

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

	2010	2009
Federal	(8,142,451)	11,065,288
Foreign	0	0
Realized capital gains	4,769,651	(3,907,188)
Federal and foreign income taxes incurred	(3,372,800)	7,158,100

The Company's DTAs and DTLs result primarily from AMT credit carryforward, goodwill/intangibles, unearned premiums, discount of unpaid loss and LAE, and deferred gain.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	(18,598,911)
Change in tax effect of unrealized (gains) losses	(1,031,539)
Total change in net deferred income tax	(19,630,450)

- D. Effective tax rates differ from the current statutory rate of 35% principally due to tax exempt income, goodwill/intangibles, unearned premiums, discount of unpaid loss and LAE, alternative minimum tax, return to provision adjustments and deferred intercompany transactions.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses are \$1,742,200 from the current year and \$7,928,834 from the preceding year.

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

The Company does not have deposits admitted under Section 6603 of the Internal Revenue 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 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 (merged 2/23/2010)	Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.	Berkeley Management Corporation
Bridgefield Casualty Insurance Company	Bridgefield Employers Insurance Company
Capitol Court Corporation	Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010	Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Cascade Disability Management, Inc.	Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.	Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)	Consolidated Insurance Company
Copley Venture Capital, Inc.	Diversified Settlements, Inc.
	Employers Insurance Company of Wausau

NOTES TO FINANCIAL STATEMENTS

Emerald City Insurance Agency, Inc.	F.B. Beattie & Co., Inc.
Excelsior Insurance Company	First State Agency Inc.
First National Insurance Company of America	General America Corporation
Florida State Agency, Inc. (Dissolved 8/20/2010)	General Insurance Company of America
General America Corporation of Texas	Gulf States AIF, Inc.
Golden Eagle Insurance Corporation	Heritage-Summit HealthCare, Inc.
Hawkeye-Security Insurance Company	Insurance Company of Illinois
Indiana Insurance Company	Liberty-USA Corporation
LEXCO Limited	Liberty Energy Canada, Inc.
Liberty Assignment Corporation	Liberty Hospitality Group, Inc.
Liberty Financial Services, Inc.	Liberty Insurance Holdings, Inc.
Liberty Insurance Corporation	Liberty International Europe Inc.
Liberty Insurance Underwriters Inc.	Liberty Life Assurance Company of Boston
Liberty International Holdings Inc.	Liberty Lloyds of Texas Insurance Company
Liberty Life Holdings Inc.	Liberty Mexico Holdings Inc.
Liberty Management Services, Inc.	Liberty Mutual Fire Insurance Company
Liberty Mutual Agency Corporation	Liberty Mutual Holding Company Inc.
Liberty Mutual Group Inc.	Liberty Mutual Personal Insurance Company
Liberty Mutual Insurance Company	Liberty Personal Insurance Company
Liberty Northwest Insurance Corporation	Liberty Sponsored Insurance (Vermont) Inc.
Liberty RE (Bermuda) Limited	LIH-RE of America Corporation
Liberty Surplus Insurance Corporation	LM General Insurance Company
LIU Specialty Insurance Agency Inc.	LM Personal Insurance Company
LM Insurance Corporation	LMHC Massachusetts Holdings Inc.
LM Property & Casualty Insurance Company	Mid-American Agency, Inc. (Dissolved 8/20/2010)
LRE Properties, Inc.	North Pacific Insurance Company
Mid-American Fire & Casualty Company	OCI Printing, Inc.
OCASCO Budget, Inc.	Ohio Security Insurance Company
Ohio Casualty Corporation	Oregon Automobile Insurance Company
Open Seas Solutions, Inc.	Peerless Insurance Company
Peerless Indemnity Insurance Company	Rianoc Research Corporation
Pilot Insurance Services, Inc.	SAFECARE Company, Inc.
S.C. Bellevue, Inc.	Safeco General Agency, Inc.
Safeco Corporation	Safeco Insurance Company of Illinois
Safeco Insurance Company of America	Safeco Insurance Company of Oregon
Safeco Insurance Company of Indiana	Safeco National Insurance Company
Safeco Lloyds Insurance Company	Safeco Surplus Lines Insurance Company
Safeco Properties, Inc.	SCIT, Inc.
San Diego Insurance Company	State Agency, Inc. (Indiana corporation) (Dissolved 8/23/2010)
St. James Insurance Company Ltd.	Summit Consulting, Inc.
State Agency, Inc. (Wisconsin corporation) (Dissolved 8/24/2010)	Summit Holding Southeast, Inc.
Summit Consulting, Inc. of Louisiana	The Midwestern Indemnity Company
The First Liberty Insurance Corporation	The Netherlands Insurance Company
The Ohio Casualty Insurance Company	The National Corporation
Wausau General Insurance Company	Wausau Business Insurance Company
West American Insurance Company	Wausau Underwriters Insurance Company
Winmar of the Desert, Inc.	Winmar Company, Inc.
Winmar-Metro, Inc.	Winmar Oregon, Inc.

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

Note 10- Information Concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Safeco Corporation (“Safeco”), a company incorporated in Washington. Safeco is wholly owned by Liberty Mutual Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company’s affiliates during 2010.
- D. At December 31, 2010, the Company reported a net \$20,580,639 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. Refer to Note 26 for information regarding the Amended and Restated Reinsurance Pooling Agreement.

The Company is a party to a services agreement (the “Agreement”) with Peerless Insurance Company (“PIC”) and other affiliates. The Agreement allows PIC to provide services related to common management function including, but not

NOTES TO FINANCIAL STATEMENTS

limited to, coordinating marketing and advertising, information systems support, payroll and human resource services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.

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

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

The Company is party to Amended and Restated Short Term Borrowing Agreement with Safeco Corporation and affiliates.

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

- G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.
- J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled, or affiliated entities during the statement period.
- K. The Company does not hold any investments in foreign insurance subsidiaries.
- L. The Company does not hold any investments in downstream non-insurance holding companies.

Note 11- Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

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

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

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

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

The Safeco Corporation sponsored a cash balance defined benefit pension plan (CBP) covering a wide range of former Company employees. Safeco Corporation terminated the CBP effective December 31, 2008. The Internal Revenue Service issued a favorable letter of determination for the Plan on May 6, 2010. As a result, all assets of the plan were distributed to plan participants by the end of the third quarter of 2010. The final distribution resulted in a settlement charge of \$3,382,801. The CBP pension costs are subject to the inter-company pooling agreement described in Note 26. These costs amounted to \$529,039 and \$108,376 in 2010 and 2009, respectively. Also, a CBP additional minimum liability of \$0 and \$377,265, also subject to the inter-company pooling agreement, was recognized in 2010 and 2009 respectively in accordance with SSAP 89 and is reported as a component of unassigned funds (surplus). The Company has no legal obligation for benefits under this plan.

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

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

The Company has 164,200 preferred shares authorized, but no shares issued and outstanding as of December 31, 2010. All shares have a stated par value of \$10.

2. Preferred Stock

Not applicable

NOTES TO FINANCIAL STATEMENTS

3. There are no dividend restrictions.
4. The Company paid dividends to its parent in 2010 of:

	Ordinary	Extraordinary	Return of Capital	Total Dividends
March	77,488,452	28,647,118	218,864,430	325,000,000
August			35,000,000	35,000,000
Total	77,488,452	28,647,118	253,864,430	360,000,000

5. The maximum amount of dividends which can be paid by Indiana-domiciled insurance companies to shareholders without the prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout which may be made without prior approval in 2011 is \$19,487,544.
6. As of December 31, 2010, the Company has pre-tax restricted surplus of \$1,643,803 resulting from retroactive reinsurance contracts.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. The Company had changes in special surplus funds resulting from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.
10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is \$2,572,137 after applicable deferred taxes of \$(1,384,997).
11. Surplus Notes
Not applicable
12. Quasi re-organization (dollar impact)
Not applicable
13. Quasi re-organization (effective date)
Not applicable

Note 14- Contingencies

A. Contingent Commitments

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

B. Assessments

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

The Company has accrued a liability for guaranty funds and other assessments of \$3,461,942 that is offset by future premium tax credits of \$633,455. 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 2010.

During 2010 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$206,500

NOTES TO FINANCIAL STATEMENTS

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

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

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

(f) Per Claim [X]

(g) Per Claimant []

E. All Other Contingencies

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

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

Note 15- Leases

A. Lessee Leasing Arrangements

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

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2011	\$431,114	\$3,034,253
2012	431,114	2,995,829
2013	431,114	2,018,957
2014	35,926	1,893,686
2015	0	1,055,422
2016 & thereafter	<u>0</u>	<u>1,508,523</u>
Total	<u>\$1,329,268</u>	<u>\$12,506,670</u>

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

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

NOTES TO FINANCIAL STATEMENTS

offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2010 the total fair value of securities on loan was \$28,791,177, with corresponding collateral value of \$29,664,781 of which \$29,664,781 represents cash collateral.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

In 2008, certain members of the PIC Amended and Restated Reinsurance Pooling Agreement (refer to Note 26) agreed to become participating insurers of the California Earthquake Authority (“CEA”), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as third party administrators and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the inter-company pooling agreement. In 2010, the Company recorded net CEA administrative fees of \$80,560.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 – Fair Value Measurements

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

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

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

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

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 — Valuations based on directly or indirectly observable inputs (other than Level 1 prices) at the measurement date, such as quoted prices in active markets or prices in markets that are not active for similar assets or liabilities or other inputs that are observable.
- Level 3 — Valuations based on inputs that are unobservable and reflect the Company’s own assumptions about the assumptions that market participants might use.

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	\$12,396,338	-	\$12,396,338
Commercial Mortgage-Backed Securities	-	955,360	-	955,360
Total Bonds	-	13,351,698	-	13,351,698
Preferred Stocks				
Industrial and Miscellaneous	-	10,846,550	-	10,846,550
Total Preferred Stocks	-	10,846,550	-	10,846,550
Common Stocks				

NOTES TO FINANCIAL STATEMENTS

Industrial and Miscellaneous	48,563,580	-	22,056	48,585,636
Total Common Stocks	48,563,580	-	22,056	48,585,636
Total assets at fair value	\$48,563,580	\$24,198,248	\$22,056	\$72,783,884
Liabilities at fair value				
Total liabilities at fair value	\$0	\$0	\$0	\$0

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

2. Rollforward of Level 3 Items

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

	1	2	3	4	5	6	7
	Balance at 12/31/2009	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases, issuances, sales and settlements	Balance at 12/31/2010
Bonds	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-
Common Stock	\$37,695	-	-	-	\$(15,639)	-	\$22,056
Total	\$37,695	-	-	-	\$(15,639)	-	\$22,056

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. government and agency

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

Mortgage-Backed Securities

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

Asset-Backed Securities

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

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Municipals

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

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

Not applicable

B. This Disclosure was removed by NAIC December 2010.

C. Other Fair Value Disclosures

Not applicable

D. Reasons Not Practical to Estimate Fair Value

Not applicable

Note 21- Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of \$64,078,409 and \$63,746,133 as of December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.

2) Interrogatory 6.1

In 2010, as a member of the inter-company reinsurance pooling arrangement in which PIC is the pool leader, the Company had the benefit, together with its affiliates that cede business to PIC or that are members of the reinsurance pooling arrangement, of Workers' Compensation Catastrophe XOL reinsurance with limits of \$110,000,000 part of

NOTES TO FINANCIAL STATEMENTS

\$200,000,000 xs \$100,000,000 purchased by PIC and covering PIC's direct and assumed from affiliates workers' compensation business.

Interrogatory 6.3

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

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

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

<u>Description of State Transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
Historical Rehabilitation Credit	CT	\$48,000	\$48,000
Historical Rehabilitation Credit	OK	\$27,300	\$27,300
<u>Total</u>		<u>\$75,300</u>	<u>\$75,300</u>

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

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

(3) Impairment Loss

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

G. Subprime-Mortgage-Related Risk Exposure

- The Company has not purchased securities characterized by the market as subprime. The Company reviews such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.
- The Company does not have any direct exposure through investments in sub-prime mortgage loans.
- The Company has direct exposure through investments in residential mortgage-backed securities.

<u>Actual Cost</u>	<u>Book Adjusted Carrying Value</u>	<u>Fair Value</u>	<u>Other Than Temporary Impairments Recognized</u>
\$2,551,559	\$2,440,770	\$2,157,999	\$604,474

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

Note 22- Events Subsequent

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

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

Note 23- Reinsurance

A. Unsecured Reinsurance Recoverable

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

B. Reinsurance Recoverable in Dispute

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

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$ 368,839,985	\$ 55,325,998	\$ 201,452,937	\$ 30,217,941	\$ 167,387,048	\$ 25,108,057
All Other	-	-	-	-	-	-
Total	\$ 368,839,985	\$ 55,325,998	\$ 201,452,937	\$ 30,217,941	\$ 167,387,048	\$ 25,108,057

Direct Unearned Premium Reserve: 201,452,937

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2010 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	-	\$ 19,788,132	-	\$ 19,788,132
Sliding scale adjustments				
Other profit commissions				
Totals	-	\$ 19,788,132	-	\$ 19,788,132

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	36,086,063	-
	2. Adjustments – Prior Year(s)	(29,240,859)	-
	3. Adjustments – Current Year	405,276	-
	4. Total	7,250,479	-
b.	Consideration Paid or Received:		
	1. Initial	29,694,901	-
	2. Adjustments – Prior Year(s)	1,131,863	-
	3. Adjustments – Current Year	-	-
	4. Total	30,826,764	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial		
	2. Adjustments – Prior Year(s)	36,639,792	-
	3. Adjustments – Current Year	(122,839)	-
	4. Total	36,516,953	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	(7,503,698)	-
	2. Adjustments – Prior Year(s)	(6,267,069)	-
	3. Adjustments – Current Year	(282,437)	-
	4. Current Year Special Surplus	1,643,803	-
	5. Cumulative Total Transferred to Unassigned Funds	(15,697,007)	-
e.	All cedents and reinsurers included in the above transactions:		
	Peerless Insurance Company	7,250,479	
	Total	7,250,479	

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.

NOTES TO FINANCIAL STATEMENTS

G. Reinsurance Accounted for as a Deposit

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

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

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

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

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

a. Total accrued retro premium	\$773,461
b. Unsecured amount	
c. Less: Non-admitted amount (10%)	77,235
d. Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e. Admitted amount (a) - (c) - (d)	\$696,225

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased \$9,235,676 during 2010. This decrease was primarily the result of updated reserving analysis and improving loss trends in the Commercial Multiple Peril \$2,289,945, Fidelity/Surety \$7,410,393 and Private Passenger Auto Liability \$8,475,466 lines. The decrease was also the result of a reclassification of loss adjustment expenses to other underwriting expenses in the Commercial Multiple Peril line. This was partially offset by weakening loss trends in the Workers' Compensation \$4,357,236, Other-Including Credit, Accident and Health \$2,942,810, and Nonproportional Assumed Liability \$2,299,555 lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26- Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Peerless Insurance Company ("PIC")	24198	25.20%	All Lines
Affiliated Pool Companies:	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	15.20%	All Lines
	General Insurance Company of America ("GICA")	24732	9.20%	All Lines
	American States Insurance Company ("ASIC")	19704	7.60%	All Lines
	American Economy Insurance Company ("AEIC")	19690	5.60%	All Lines
	Indiana Insurance Company ("IIC")	22659	4.80%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	1.80%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.80%	All Lines
	American Fire and Casualty Company ("AFCIC")	24066	0.60%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyds Insurance Company ("ASLCO")	31933	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines

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	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
			100.0%	
100%	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
Quota	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
Share	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
Affiliated Companies:	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines

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

- (a) Each Affiliated Pool Company cedes its net underwriting activity to the Lead Company. Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.
- (b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (c) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- (d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (e) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (f) The write-off of uncollectible reinsurance is pooled and the Provision for Reinsurance is recognized by the entity placing the outbound external reinsurance
- (g) Amounts due (to)/from affiliated entities participating in the PIC Amended and Restated Reinsurance Pooling Agreement as at December 31, 2010:

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

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

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

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

Note 27- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$9,261,434 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 \$9,261,434 as of December 31, 2010.
- 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 and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Symetra Life Insurance Company Bellevue, Washington	Yes	\$4,033,281

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

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

Note 31- High Dollar Deductible Policies

The Company does not have any high deductible policies.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2010 liabilities subject to discount were carried at a value representing a discount of \$10,317,185 net of all reinsurance.

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

Note 33 - Asbestos/Environmental Reserves

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

NOTES TO FINANCIAL STATEMENTS

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

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

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based upon historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in an aggregate liability that differs from current reserves by an amount that could be material to the Companies' future operating results and financial condition.

In the third quarter of 2009, the Company completed its biennial ground-up asbestos reserve study. The study was completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and it included all major segments of the Company's direct, assumed, and ceded asbestos claims. As part of the internal review, potential exposures of certain policyholders were individually evaluated using the Company's proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insureds. Between comprehensive studies, the Company monitors asbestos activity to determine whether or not any adjustment to reserves is warranted. The Company also completed its annual study on the environmental claims liability, resulting in immaterial adjustments to held reserves. During 2010 the Company monitored asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted. Based on this review of actual emerged losses, no material adjustments were made.

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

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

The table below summarizes reserve and loss activity for the Company's asbestos and environmental loss and loss adjustment expenses for each of the five most recent calendar years. Gross reserves for both asbestos and environmental are representative of the companies included in Note 26. Net reserves for asbestos and environmental are allocated based on the Company's Inter-company Reinsurance Agreement, as discussed in Note 26.

Asbestos:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Direct Basis					
Beginning Reserves	11,272,007	13,032,542	12,294,788	12,721,059	11,901,610
Incurred losses and LAE	2,681,680	711,827	1,874,564	162,463	(985)
Calendar year payments	921,146	1,297,578	1,448,294	981,912	1,190,693
Ending Reserves	13,032,541	12,446,791	12,721,058	11,901,610	10,709,932
Assumed Reinsurance Basis					
Beginning Reserves	8,297,229	8,184,666	10,108,424	8,652,738	12,054,219
Incurred losses and LAE	358,504	2,329,047	(343,472)	4,277,235	(4,238)
Calendar year payments	471,067	784,140	1,112,213	875,755	1,532,405
Ending Reserves	8,184,666	9,729,573	8,652,739	12,054,218	10,517,576
Net of Ceded Reinsurance Basis					
Beginning Reserves	16,114,871	17,139,759	18,153,119	17,414,430	20,505,286
Incurred losses and LAE	2,289,416	2,514,609	915,209	4,829,268	9,650

NOTES TO FINANCIAL STATEMENTS

Calendar year payments	1,264,528	1,733,207	1,653,897	1,738,413	2,478,664
Ending Reserves	17,139,759	17,921,161	17,414,431	20,505,285	18,036,272

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

Direct Basis	6,435,808
Assumed Reinsurance Basis	5,990,511
Net of Ceded Reinsurance Basis	11,543,395

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

Direct Basis	3,394,893
Assumed Reinsurance Basis	56,009
Net of Ceded Reinsurance Basis	2,816,599

Environmental:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Direct Basis					
Beginning Reserves	15,254,960	14,862,474	14,130,950	12,072,361	10,283,648
Incurring losses and LAE	1,403,398	3,910,269	311,135	(524,032)	(55,000)
Calendar year payments	1,795,884	2,825,745	2,369,724	1,264,681	1,023,647
Ending Reserves	14,862,474	15,946,998	12,072,361	10,283,648	9,205,001

Assumed Reinsurance Basis

Beginning Reserves	3,092,296	2,791,462	2,713,157	2,608,892	1,877,943
Incurring losses and LAE	61,513	40,773	153	(664,904)	34,567
Calendar year payments	362,348	71,182	104,418	66,045	194,042
Ending Reserves	2,791,461	2,761,053	2,608,892	1,877,943	1,718,468

Net of Ceded Reinsurance Basis

Beginning Reserves	16,696,616	15,546,702	15,545,914	13,258,522	10,606,541
Incurring losses and LAE	833,054	4,314,365	(273,737)	(1,401,074)	5,910
Calendar year payments	1,982,967	2,397,770	2,013,656	1,250,907	1,167,787
Ending Reserves	15,546,703	17,463,297	13,258,521	10,606,541	9,444,664

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

Direct Basis	5,371,304
Assumed Reinsurance Basis	1,060,698
Net of Ceded Reinsurance Basis	5,393,752

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

Direct Basis	2,242,531
Assumed Reinsurance Basis	8,469
Net of Ceded Reinsurance Basis	2,106,127

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

Note 34- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guarantee Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? _____ Indiana _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2009 _____
- 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. _____ 12/31/2005 _____
- 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). _____ 06/18/2007 _____
- 3.4 By what department or departments?
 Indiana Department of Insurance

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control.

_____ %

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

1 Nationality	2 Type of Entity
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

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

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

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

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

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

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

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

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

.....

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

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

.....

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

- 14.2 Has the code of ethics for senior managers been amended? Yes No
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 During the 1st quarter, Liberty Mutual Group published several non-material changes to its Code of Business Ethics and Conduct designed to clarify existing Code provisions.

- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes No
16. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes No
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes No

FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes No
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---|----|---|
| | 19.11 To directors or other officers | \$ | 0 |
| | 19.12 To stockholders not officers | \$ | 0 |
| | 19.13 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---|----|---|
| | 19.21 To directors or other officers | \$ | 0 |
| | 19.22 To stockholders not officers | \$ | 0 |
| | 19.23 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|----------------------------|----|---|
| | 20.21 Rented from others | \$ | 0 |
| | 20.22 Borrowed from others | \$ | 0 |
| | 20.23 Leased from others | \$ | 0 |
| | 20.24 Other | \$ | 0 |
- 21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
- 21.2 If answer is yes:
- | | | | |
|--|--|----|---|
| | 21.21 Amount paid as losses or risk adjustment | \$ | 0 |
| | 21.22 Amount paid as expenses | \$ | 0 |
| | 21.23 Other amounts paid | \$ | 0 |
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

GENERAL INTERROGATORIES

INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3) Yes No
- 23.2 If no, give full and complete information relating thereto:

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

- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$ 29,660,375
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$ 0
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MLSA) to conduct securities lending? Yes No N/A
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes No
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|-------|--|----------------------|
| | 24.21 | Subject to repurchase agreements | \$ <u>0</u> |
| | 24.22 | Subject to reverse repurchase agreements | \$ <u>0</u> |
| | 24.23 | Subject to dollar repurchase agreements | \$ <u>0</u> |
| | 24.24 | Subject to reverse dollar repurchase agreements | \$ <u>0</u> |
| | 24.25 | Pledged as collateral | \$ <u>0</u> |
| | 24.26 | Placed under option agreements | \$ <u>0</u> |
| | 24.27 | Letter stock or securities restricted as to sale | \$ <u>0</u> |
| | 24.28 | On deposit with state or other regulatory body | \$ <u>64,078,411</u> |
| | 24.29 | Other | \$ <u>0</u> |
- 24.3 For category (24.27) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| | | 0 |
| | | 0 |
| | | 0 |
- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
 If no, attach a description with this statement.
- 26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 26.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

GENERAL INTERROGATORIES

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon	601 Travis Street, Houston, TX 77002
JP Morgan Chase	1 Chase Manhattan Plaza New York, NY 10005

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

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

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year?

Yes No

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

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

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

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Group Inc.	175 Berkeley Street, Boston, MA 02116

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

Yes No

28.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	1,273,293,041	1,300,019,258	26,726,217
29.2 Preferred stocks	10,846,550	10,846,550	0
29.3 Totals	1,284,139,591	1,310,865,808	26,726,217

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

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

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

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

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

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

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

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 0

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

1 Name	2 Amount Paid
	0
	0
	0

33.1 Amount of payments for legal expenses, if any? \$ 259,512

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

1 Name	2 Amount Paid
	0
	0
	0

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 18,542

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ <u>0</u>		\$ <u>539,585</u>	
2.2 Premium Denominator	\$ <u>783,877,680</u>		\$ <u>796,216,268</u>	
2.3 Premium Ratio (2.1/2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ <u>3,830,038</u>		\$ <u>590,878</u>	
2.5 Reserve Denominator	\$ <u>1,199,042,896</u>		\$ <u>1,280,258,656</u>	
2.6 Reserve Ratio (2.4/2.5)	<u>0.00</u>		<u>0.00</u>	

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] 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 21C

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we employ RiskLink v10.0 from RMS and AIR Classic/2 v12.0. For workers' compensation, Liberty Mutual utilizes RiskLink v10.0 from RMS.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 See Note 21C
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes No
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes No
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes No
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes No
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes No

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information

.....

.....

.....

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

12.11 Unpaid losses		\$	3,129,018
12.12 Unpaid underwriting expenses (including loss adjustment expenses)		\$	391,200

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 91,200

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

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

12.41 From			0.00
12.42 To			9.00

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

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

12.61 Letters of Credit		\$	63,665,192
12.62 Collateral and other funds		\$	18,808,763

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 27,348,600

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

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

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

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

.....

.....

.....

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

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

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

.....

.....

.....

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

15.2 If yes, give full information

.....

.....

.....

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

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

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

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

Yes [] No [X]

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

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

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	\$ <u> 0</u>
17.19 Unfunded portion of Interrogatory 17.18	\$ <u> 0</u>
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ <u> 0</u>
17.21 Case reserves portion of Interrogatory 17.18	\$ <u> 0</u>
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ <u> 0</u>
17.23 Unearned premium portion of Interrogatory 17.18	\$ <u> 0</u>
17.24 Contingent commission portion of Interrogatory 17.18	\$ <u> 0</u>

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

Yes [] No [X]

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

\$ 0

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

Yes [] No [X]

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

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2010	2009	2008	2007	2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	529,015,464	604,643,668	756,676,815	832,259,627	815,185,171
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	212,805,815	193,603,867	330,958,933	349,341,464	359,814,525
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	408,777,419	408,633,627	424,824,951	466,939,978	474,352,487
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,365,449	51,221,782	95,486,611	84,142,839	70,999,275
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)		8	23,864	1,785	1,039
6. Total (Line 35)	1,214,964,147	1,258,102,952	1,607,971,174	1,732,685,693	1,720,352,497
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	326,856,825	357,730,525	422,887,814	459,247,735	461,534,722
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	157,140,361	130,939,788	256,569,758	266,762,327	274,896,165
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	261,737,082	238,125,747	249,642,578	274,547,409	267,905,878
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	55,521,593	42,311,326	85,678,821	74,109,816	62,284,280
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)		8	2,028	210	266
12. Total (Line 35)	801,255,861	769,107,394	1,014,780,999	1,074,667,497	1,066,621,311
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(11,264,566)	33,421,953	27,986,377	69,007,394	123,535,997
14. Net investment gain (loss) (Line 11)	72,165,888	70,627,731	78,270,986	98,315,996	82,520,014
15. Total other income (Line 15)	(6,199,746)	(1,386,719)	1,707,098	3,373,301	(47,220)
16. Dividends to policyholders (Line 17)	(267,845)	3,406,699	1,262,647	901,469	1,261,600
17. Federal and foreign income taxes incurred (Line 19)	(8,142,451)	11,065,288	10,781,041	24,917,593	39,896,913
18. Net income (Line 20)	63,111,872	88,190,978	95,920,773	144,877,629	164,850,278
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,734,629,076	2,071,916,038	2,077,124,323	2,069,992,619	2,337,821,031
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	27,282,323	30,110,678	94,554,501	129,452,322	116,919,338
20.2 Deferred and not yet due (Line 15.2)	219,418,618	213,800,567	159,005,678	140,444,602	156,186,861
20.3 Accrued retrospective premiums (Line 15.3)	696,226	1,241,056	443,682	387,092	458,512
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,404,604,957	1,430,155,246	1,535,875,738	1,557,928,351	1,567,111,446
22. Losses (Page 3, Line 1)	678,721,474	714,422,661	736,682,283	725,883,465	716,986,015
23. Loss adjustment expenses (Page 3, Line 3)	151,481,436	170,091,462	171,729,286	172,824,567	183,061,555
24. Unearned premiums (Page 3, Line 9)	368,839,985	349,686,193	383,835,113	419,458,971	406,994,912
25. Capital paid up (Page 3, Lines 30 & 31)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	330,024,119	641,760,792	541,248,585	512,064,268	770,709,585
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(10,239,431)	(20,631,798)	100,698,885	135,153,701	207,178,441
Risk-Based Capital Analysis					
28. Total adjusted capital	330,024,119	641,760,792	541,248,585	512,064,268	770,709,585
29. Authorized control level risk-based capital	71,456,361	72,082,419	89,719,169	96,629,983	94,713,491
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	86.6	92.3	85.6	84.7	85.0
31. Stocks (Lines 2.1 & 2.2)	4.2	1.7	2.9	14.0	14.8
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	6.7	5.9	11.2	1.0	(0.1)
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		X X X	X X X	X X X	X X X
37. Other invested assets (Line 8)	0.2	0.1	0.3	0.3	0.3
38. Receivables for securities (Line 9)	0.2		0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	2.1	X X X	X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated	1,008,000	1,008,000	3,091,034	2,970,000	2,856,000
48. Total of above Lines 42 to 47	1,008,000	1,008,000	3,091,034	2,970,000	2,856,000
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.3	0.2	0.6	0.6	0.4

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	1,915,715	8,168,734	(48,105,267)	(8,672,228)	20,724,062
51. Dividends to stockholders (Line 35)	(106,135,570)			(370,000,000)	(160,000,000)
52. Change in surplus as regards policyholders for the year (Line 38)	(311,736,673)	100,512,208	29,184,316	(258,645,317)	(2,065,157)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	378,101,592	396,687,600	411,035,813	451,582,349	408,403,953
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	107,418,221	127,726,859	185,375,561	186,054,011	188,544,292
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	215,372,852	210,860,583	257,160,840	219,661,566	221,353,038
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	27,414,998	66,229,043	6,870,858	3,405,316	8,045,576
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,627,235	224,167,631	26,188,468	16,898,793	8,103,817
58. Total (Line 35)	729,934,898	1,025,671,716	886,631,540	877,602,035	834,450,676
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	242,282,968	188,535,402	242,649,930	277,946,310	253,214,547
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)	80,524,850	90,306,055	145,919,324	147,952,017	154,884,554
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	139,493,944	117,945,574	166,239,669	127,590,540	121,686,892
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	10,986,648	5,796,099	4,335,790	(595,158)	4,948,196
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,627,235	23,478,664	4,014,223	2,637,538	(95,786)
64. Total (Line 35)	474,915,645	426,061,794	563,158,936	555,531,247	534,638,403
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	56.0	50.7	55.5	53.1	47.1
67. Loss expenses incurred (Line 3)	11.8	11.9	11.5	9.7	11.4
68. Other underwriting expenses incurred (Line 4)	33.6	33.2	30.3	30.7	30.0
69. Net underwriting gain (loss) (Line 8)	(1.4)	4.2	2.7	6.5	11.6
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	33.6	34.6	31.2	30.0	30.0
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	67.8	62.6	67.0	62.9	58.5
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	242.8	119.8	187.5	209.9	138.4
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(9,235)	(58,619)	(29,593)	(27,915)	(26,502)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.4)	(10.8)	(5.8)	(3.6)	(3.4)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(46,865)	(84,470)	(42,464)	(58,544)	(24,282)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(8.7)	(16.5)	(5.5)	(7.6)	(3.0)

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

Yes [] No [X]

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	10,522	1,062	2,915	83	638	98	258	12,832	X X X
2. 2001	637,201	39,562	597,639	408,032	28,527	30,127	1,617	49,917	1,580	22,615	456,352	X X X
3. 2002	692,879	68,116	624,763	380,937	37,696	28,523	2,624	48,991	2,405	22,461	415,726	X X X
4. 2003	756,446	63,178	693,268	368,575	31,764	25,602	1,863	55,334	2,536	22,809	413,348	X X X
5. 2004	814,059	44,914	769,145	377,726	15,153	23,286	842	54,276	1,133	28,567	438,160	X X X
6. 2005	848,066	34,349	813,717	384,571	15,244	23,994	903	56,873	830	27,005	448,461	X X X
7. 2006	846,942	37,825	809,117	380,177	8,582	22,226	1,061	57,115	1,227	23,047	448,648	X X X
8. 2007	864,447	42,218	822,229	376,371	8,253	19,501	887	56,393	758	23,728	442,367	X X X
9. 2008	862,748	32,075	830,673	401,652	12,046	15,723	743	61,988	577	20,983	465,997	X X X
10. 2009	809,446	50,623	758,823	303,890	20,940	8,311	956	53,061	366	17,986	343,000	X X X
11. 2010	800,056	16,177	783,879	217,939	1,056	3,173	64	49,332	49	10,990	269,275	X X X
12. Totals	X X X	X X X	X X X	3,610,392	180,323	203,381	11,643	543,918	11,559	220,449	4,154,166	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	90,532	32,094	53,803	6,518	3,261	725	10,434	1,221	8,368	186	2,848	125,654	X X X
2. 2001	8,678	1,499	2,482	642	150	9	1,091	105	641	18	395	10,769	X X X
3. 2002	10,121	1,877	2,620	528	217	18	1,095	89	687	15	422	12,213	X X X
4. 2003	7,988	1,718	3,487	449	229	1	1,613	83	806	12	504	11,860	X X X
5. 2004	9,581	2,041	5,521	577	231	1	1,780	97	865	17	1,425	15,245	X X X
6. 2005	12,717	1,104	6,866	778	416	1	3,075	148	1,300	14	1,728	22,329	X X X
7. 2006	22,090	1,312	8,081	1,414	623	3	4,755	259	2,105	12	3,823	34,654	X X X
8. 2007	38,893	1,072	13,956	2,379	1,128	3	7,518	370	3,878	13	3,058	61,536	X X X
9. 2008	55,334	878	31,434	4,043	1,839	6	13,916	709	5,547	26	7,056	102,408	X X X
10. 2009	76,899	1,817	54,826	3,744	1,634	56	19,204	1,110	9,365	21	10,278	155,180	X X X
11. 2010	121,486	678	109,572	1,085	1,273		27,035	69	20,819		16,861	278,353	X X X
12. Totals	454,319	46,090	292,648	22,157	11,001	823	91,516	4,260	54,381	334	48,398	830,201	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	105,723	19,931
2. 2001	501,118	33,997	467,121	78,644	85,933	78,161			7.600	9,019	1,750
3. 2002	473,191	45,252	427,939	68,293	66,434	68,496			7.600	10,336	1,877
4. 2003	463,634	38,426	425,208	61,291	60,822	61,334			7.600	9,308	2,552
5. 2004	473,266	19,861	453,405	58,137	44,220	58,949			7.600	12,484	2,761
6. 2005	489,812	19,022	470,790	57,756	55,379	57,857			7.600	17,701	4,628
7. 2006	497,172	13,870	483,302	58,702	36,669	59,732			7.600	27,445	7,209
8. 2007	517,638	13,735	503,903	59,881	32,534	61,285			7.600	49,398	12,138
9. 2008	587,433	19,028	568,405	68,089	59,323	68,427			7.600	81,847	20,561
10. 2009	527,190	29,010	498,180	65,130	57,306	65,652			7.600	126,164	29,016
11. 2010	550,629	3,001	547,628	68,824	18,551	69,861			7.600	229,295	49,058
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	678,720	151,481

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
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	One Year	Two Year
1. Prior	385,228	401,001	425,510	428,615	441,687	448,431	451,290	445,531	462,969	473,059	10,090	27,528
2. 2001	417,332	415,086	417,871	419,166	419,365	417,966	419,949	416,313	419,291	418,784	(507)	2,471
3. 2002	X X X	400,068	398,027	394,431	386,092	384,698	381,584	379,025	381,350	381,270	(80)	2,245
4. 2003	X X X	X X X	394,040	386,818	377,181	375,231	377,822	374,917	373,545	372,042	(1,503)	(2,875)
5. 2004	X X X	X X X	X X X	443,142	432,391	426,762	408,194	405,710	401,031	399,940	(1,091)	(5,770)
6. 2005	X X X	X X X	X X X	X X X	462,430	444,836	422,844	420,151	415,031	413,914	(1,117)	(6,237)
7. 2006	X X X	X X X	X X X	X X X	X X X	455,103	445,820	434,177	424,472	425,859	1,387	(8,318)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	487,809	474,869	445,179	444,944	(235)	(29,925)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	527,991	503,977	502,007	(1,970)	(25,984)
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	450,727	436,518	(14,209)	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	477,710	X X X	X X X
12. Totals											(9,235)	(46,865)

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
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1. Prior	000	118,746	194,106	240,415	272,683	295,879	313,247	328,061	337,771	350,063	X X X	X X X
2. 2001	206,940	299,513	342,229	369,384	384,590	393,585	398,850	403,237	405,798	408,015	X X X	X X X
3. 2002	X X X	182,322	266,890	307,154	335,286	349,669	357,995	363,261	366,102	369,140	X X X	X X X
4. 2003	X X X	X X X	183,978	264,937	303,751	329,070	346,166	353,628	358,121	360,550	X X X	X X X
5. 2004	X X X	X X X	X X X	190,887	286,672	331,347	357,882	373,555	381,301	385,017	X X X	X X X
6. 2005	X X X	X X X	X X X	X X X	195,422	290,166	335,532	365,017	383,486	392,418	X X X	X X X
7. 2006	X X X	X X X	X X X	X X X	X X X	199,022	295,686	337,778	371,764	392,760	X X X	X X X
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	206,813	307,191	353,309	386,732	X X X	X X X
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	239,796	354,590	404,586	X X X	X X X
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	200,294	290,305	X X X	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	219,992	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Prior	141,072	106,335	96,085	74,556	66,746	60,744	53,627	53,086	58,592	62,022
2. 2001	96,202	45,163	25,136	18,275	12,996	11,496	7,874	6,249	5,587	3,449
3. 2002	X X X	121,495	61,763	35,157	20,310	14,899	10,100	6,693	6,191	3,687
4. 2003	X X X	X X X	110,183	54,871	31,379	21,730	15,815	11,589	7,874	4,994
5. 2004	X X X	X X X	X X X	138,343	68,847	45,461	24,511	18,025	9,751	7,153
6. 2005	X X X	X X X	X X X	X X X	154,539	76,853	38,860	24,093	13,722	9,468
7. 2006	X X X	X X X	X X X	X X X	X X X	139,389	70,173	42,782	20,604	11,701
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	144,110	75,174	35,422	19,266
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	156,697	68,943	41,132
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	137,360	69,553
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	135,637

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

States, Etc.	Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		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)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	L	5,011,954	5,645,668	2,336,762	(892,913)	7,247,219	63,646	
2. Alaska	AK	L	480,501	501,640	40,165	33,974	245,041	6,102	
3. Arizona	AZ	L	2,597,549	2,976,532	3,035,851	3,275,791	6,115,254	32,986	
4. Arkansas	AR	L	1,740,973	1,952,876	986,564	(37,090)	2,437,375	22,108	
5. California	CA	L	53,621,814	59,966,809	33,437,689	34,205,833	94,521,078	680,931	
6. Colorado	CO	L	6,729,083	7,760,943	2,824,004	(1,319,729)	7,708,842	85,451	
7. Connecticut	CT	L	5,619,936	6,421,533	4,354,959	8,949,333	19,143,190	71,366	
8. Delaware	DE	L	27,485	28,150	3,750	(1,755)	6,677	349	
9. District of Columbia	DC	L	218,951	262,093	157,637	(17,224)	171,645	2,780	
10. Florida	FL	L	43,741,138	44,887,417	17,848,725	21,793,290	42,281,613	555,459	
11. Georgia	GA	L	6,429,081	7,418,446	5,263,391	1,756,538	9,622,808	81,641	
12. Hawaii	HI	L	44,262	66,948		(697)		562	
13. Idaho	ID	L	7,700,957	8,335,326	3,227,890	2,546,619	10,747,352	97,793	
14. Illinois	IL	L	13,711,266	15,659,292	10,606,580	11,273,891	33,444,789	174,116	
15. Indiana	IN	L	3,996,962	(11,795,843)	3,742,592	4,059,889	16,278,843	50,757	
16. Iowa	IA	L	746,237	949,319	656,099	981,830	2,317,617	9,476	
17. Kansas	KS	L	2,520,970	2,870,884	2,475,166	4,986,956	11,452,335	32,013	
18. Kentucky	KY	L	2,310,457	2,682,927	1,249,545	2,880,771	10,454,862	29,340	
19. Louisiana	LA	L	6,858,713	7,827,764	6,911,428	5,286,612	9,831,117	87,097	
20. Maine	ME	L	30,434	51,933	3,871	(3,200)	15,469	386	
21. Maryland	MD	L	1,599,364	1,898,970	1,635,692	1,547,584	3,434,551	20,310	
22. Massachusetts	MA	L	1,429,053	1,602,378	1,626,555	3,584,329	5,125,999	18,147	
23. Michigan	MI	L	4,620,142	5,593,276	5,370,432	551,334	36,835,160	58,670	
24. Minnesota	MN	L	4,362,937	4,609,233	2,812,207	3,681,416	29,506,237	55,404	
25. Mississippi	MS	L	3,480,434	4,185,930	2,866,226	3,822,494	14,699,593	44,197	
26. Missouri	MO	L	7,446,000	8,446,729	4,512,242	(1,385,760)	11,104,077	94,555	
27. Montana	MT	L	12,087,214	12,574,792	8,772,233	9,307,393	10,891,436	153,493	
28. Nebraska	NE	L	837,249	883,562	399,740	1,060,294	1,432,701	10,632	
29. Nevada	NV	L	2,596,087	3,098,594	784,382	1,004,620	4,216,023	32,967	
30. New Hampshire	NH	L	789,018	857,380	1,015,686	54,836	7,370,679	10,020	
31. New Jersey	NJ	L	6,232,784	7,747,232	5,169,064	5,464,471	17,893,270	79,149	
32. New Mexico	NM	L	2,387,714	2,700,734	774,365	1,389,656	5,104,523	30,321	
33. New York	NY	L	34,016,089	31,417,134	20,497,138	28,320,034	73,406,667	431,963	
34. North Carolina	NC	L	1,352,401	1,729,899	793,611	(674,398)	1,875,405	17,174	
35. North Dakota	ND	L	833,383	966,647	352,805	352,433	441,352	10,583	
36. Ohio	OH	L	2,949,666	3,352,057	911,465	8,169,449	19,826,619	37,457	
37. Oklahoma	OK	L	3,796,478	4,322,804	3,567,579	2,475,599	8,210,376	48,211	
38. Oregon	OR	L	27,762,571	30,019,016	10,157,878	13,126,658	40,658,217	352,551	
39. Pennsylvania	PA	L	9,063,487	8,144,148	6,054,991	7,705,204	19,505,270	115,095	
40. Rhode Island	RI	L	158,810	171,735	130,581	(670,208)	241,235	2,017	
41. South Carolina	SC	L	2,684,797	3,137,458	1,230,143	(621,496)	3,067,052	34,094	
42. South Dakota	SD	L	1,417,323	1,485,350	3,841,086	2,112,143	7,425,896	17,998	
43. Tennessee	TN	L	3,658,663	4,233,936	1,629,002	(930,719)	7,865,285	46,461	
44. Texas	TX	L	41,677,223	46,236,641	36,356,159	12,757,897	(8,578,535)	529,249	
45. Utah	UT	L	3,868,718	4,464,171	1,256,046	(61,049)	4,353,679	49,128	
46. Vermont	VT	L	179,099	240,508	70,030	(5,999)	212,681	2,274	
47. Virginia	VA	L	2,268,295	2,597,556	1,024,899	1,650,960	5,388,391	28,805	
48. Washington	WA	L	58,995,861	62,055,092	26,778,616	12,029,131	112,243,302	749,175	
49. West Virginia	WV	L	1,370,169	1,580,416	1,073,350	276,924	2,556,551	17,399	
50. Wisconsin	WI	L	985,478	973,324	614,427	(551,393)	2,037,354	12,514	
51. Wyoming	WY	L	4,663,245	5,304,291	3,774,281	2,529,240	3,061,792	59,217	
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N	3,302	3,302	3,690	3,690		42	
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate Other Alien	OT	X X X	(3,495)	(3,495)					
59. Totals	(a) 51		413,708,282	431,101,457	135,815	255,019,269	217,835,486	735,455,964	5,253,631

DETAILS OF WRITE-INS									
5801. Other alien	X X X	(3,495)	(3,495)						
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	(3,495)	(3,495)						

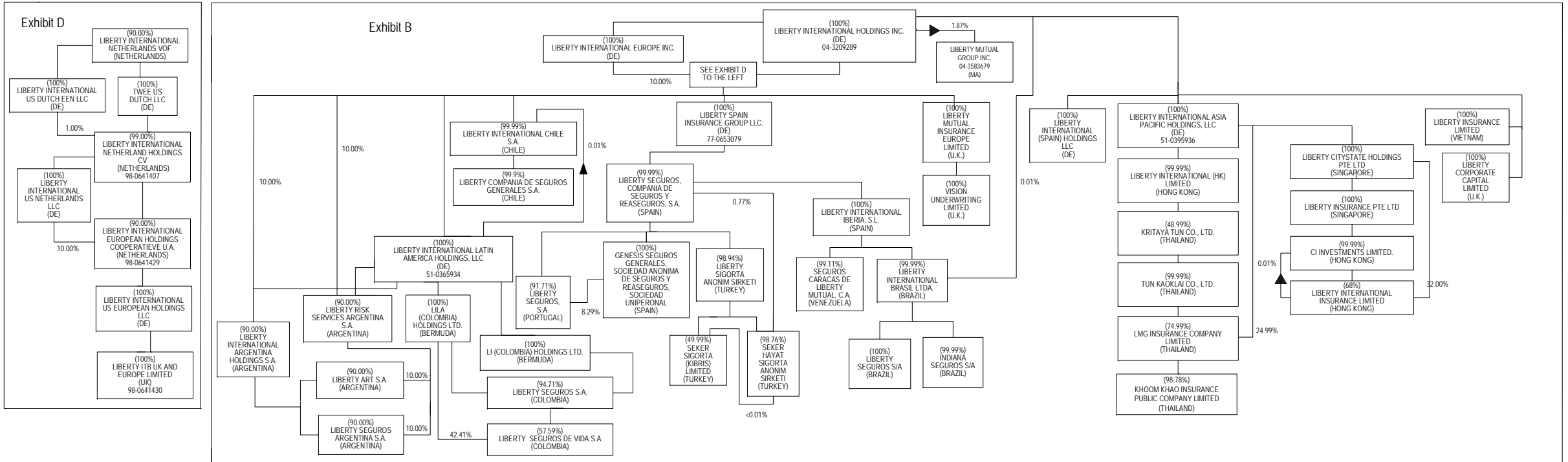
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

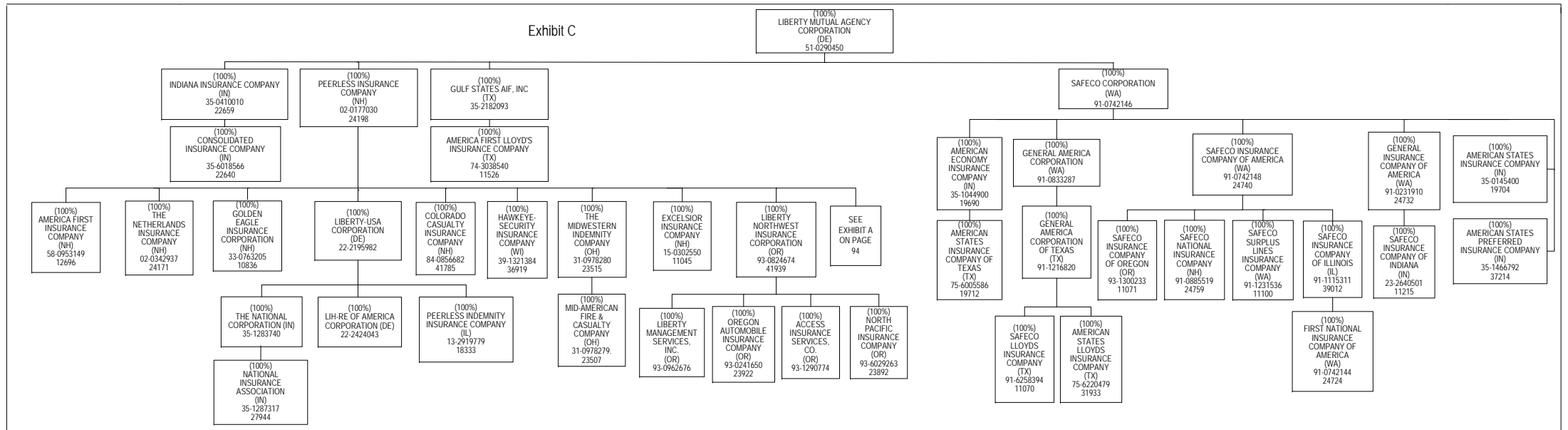
(a) Insert the number of L responses except for Canada and Other Alien.

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

PART 1 - ORGANIZATIONAL CHART



94.1



OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

	1	2
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	Current Year	Prior Year
2504. Amounts held under uninsured plans	817,819	5,510,223
2505. Private Passenger Auto Escrow	81,336	124,217
2506. Collateral held for securities loaned		9,586,430
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	899,155	15,220,870

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