ANNUAL STATEMENT

OF THE

AMERICAN STATES PREFERRED 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

37214201020100100

ANNUAL STATEMENT

For the Year Ended December 31, 2010

OF THE CONDITION AND AFFAIRS OF THE

American States Preferred Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 37214 **Employer's ID Number** 35-1466792

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

Country of Domicile United States of America

Incorporated/Organized: July 26, 1979 **Commenced Business** September 26, 1979

Statutory Home Office 350 East 96th Street (Street and Number), Indianapolis, IN 46240 (City or Town, State and Zip Code)

Main Administrative Office: 175 Berkeley Street (Street and Number)

Boston, MA 02116 (City or Town, State and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

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

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

Internet Web Site Address WWW.SAFECO.COM

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

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

OFFICERS

Chairman of the Board

Gary Richard Gregg

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

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

Subscribed and sworn to (or affirmed) before me on this
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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	131,622,194		131,622,194	163,386,530
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 886,424, Schedule E - Part 1), cash equivalents ($ 0, Schedule E - Part 2), and short-term investments ($ 8,605,575, Schedule DA)	9,491,999		9,491,999	6,754,219
6. Contract loans (including $ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets	4,035,712		4,035,712	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	145,149,905		145,149,905	170,140,749
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,329,209		1,329,209	2,044,528
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	3,218,285	346,461	2,871,824	3,169,545
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ (200,954) earned but unbilled premiums)	23,097,232	536	23,096,696	22,505,322
15.3 Accrued retrospective premiums	81,417	8,130	73,287	130,638
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	4,779,807		4,779,807	4,158,187
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	1,222,063		1,222,063	
18.2 Net deferred tax asset	8,276,900	2,862,052	5,414,848	7,462,800
19. Guaranty funds receivable or on deposit	135,175		135,175	148,110
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	2,324,628		2,324,628	2,313,804
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	809,100	108,180	700,920	673,218
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	190,423,721	3,325,359	187,098,362	212,746,901
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	190,423,721	3,325,359	187,098,362	212,746,901

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	465,063		465,063	453,348
2502. Equities and deposits in pools and associations	211,624		211,624	189,912
2503. Other assets	132,413	108,180	24,233	29,958
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	809,100	108,180	700,920	673,218

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	71,444,366	75,202,385
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	4,793,732	4,848,246
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	15,945,414	17,904,365
4.	Commissions payable, contingent commissions and other similar charges	2,157,891	2,131,004
5.	Other expenses (excluding taxes, licenses and fees)	631,554	2,529,800
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	721,657	766,884
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		297,331
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 $ 32,041,573 and including warranty reserves of $ 0)	38,825,262	36,809,073
10.	Advance premium	263,145	262,010
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	7,499	67,920
12.	Ceded reinsurance premiums payable (net of ceding commissions)	7,065,843	4,743,103
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	309,869	(24,259)
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	2,618,626	2,628,741
19.	Payable to parent, subsidiaries and affiliates	1,767,906	389,867
20.	Derivatives		
21.	Payable for securities		
22.	Payable for securities lending	4,035,712	
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	1,370,336	3,065,604
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	151,958,812	151,622,074
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	151,958,812	151,622,074
29.	Aggregate write-ins for special surplus funds	1,511,933	2,470,380
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	26,196,084	42,192,623
35.	Unassigned funds (surplus)	2,431,533	11,461,824
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)	35,139,550	61,124,827
38.	Totals (Page 2, Line 28, Col. 3)	187,098,362	212,746,901

	DETAILS OF WRITE-IN LINES		
2501.	Retroactive reinsurance reserves	763,208	720,548
2502.	Other liabilities	415,087	600,790
2503.	Accured return retrospective premiums	97,393	99,247
2598.	Summary of remaining write-ins for Line 25 from overflow page	94,648	1,645,019
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,370,336	3,065,604
2901.	SSAP 10R incremental change	1,338,901	2,310,892
2902.	Special surplus from retroactive reinsurance	173,032	159,488
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	1,511,933	2,470,380
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	82,513,440	83,812,239
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	46,233,101	42,505,492
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	9,740,817	9,951,031
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	27,729,780	27,822,642
5.	Aggregate write-ins for underwriting deductions	(4,514)	13,075
6.	Total underwriting deductions (Lines 2 through 5)	83,699,184	80,292,240
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,185,744)	3,519,999
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,329,192	8,034,621
10.	Net realized capital gains (losses) less capital gains tax of $ 564,653 (Exhibit of Capital Gains (Losses))	1,048,641	(1,029,233)
11.	Net investment gain (loss) (Lines 9 + 10)	7,377,833	7,005,388
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 4,815 amount charged off $ 351,526)	(346,712)	(370,992)
13.	Finance and service charges not included in premiums	728,105	714,561
14.	Aggregate write-ins for miscellaneous income	(1,033,938)	(485,015)
15.	Total other income (Lines 12 through 14)	(652,545)	(141,446)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	5,539,544	10,383,941
17.	Dividends to policyholders	(28,194)	358,600
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)	5,567,738	10,025,341
19.	Federal and foreign income taxes incurred	(853,103)	1,994,452
20.	Net income (Line 18 minus Line 19) (to Line 22)	6,420,841	8,030,889
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	61,124,827	49,009,517
22.	Net income (from Line 20)	6,420,841	8,030,889
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (192,951)	(358,337)	1,281,801
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(1,836,451)	(659,415)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	809,303	1,093,168
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in	(15,996,539)	
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(14,003,461)	
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	(1,020,633)	2,368,867
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(25,985,277)	12,115,310
39.	Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	35,139,550	61,124,827

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	(4,514)	13,075
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)	(4,514)	13,075
1401.	Other Income/(expense)	(12,116)	(474,210)
1402.	Retroactive reinsurance gain/(loss)	(1,021,822)	(10,805)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(1,033,938)	(485,015)
3701.	Other change in surplus	(48,642)	57,975
3702.	SSAP 10R incremental change	(971,991)	2,310,892
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(1,020,633)	2,368,867

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	86,767,142	73,270,174
2.	Net investment income	7,274,805	8,434,578
3.	Miscellaneous income	(1,427,680)	(496,016)
4.	Total (Lines 1 through 3)	92,614,267	81,208,736
5.	Benefit and loss related payments	50,677,370	42,952,763
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	41,281,692	41,367,084
8.	Dividends paid to policyholders	32,227	421,891
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	1,230,944	457,210
10.	Total (Lines 5 through 9)	93,222,233	85,198,948
11.	Net cash from operations (Line 4 minus Line 10)	(607,966)	(3,990,212)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	75,273,183	46,303,077
12.2	Stocks		3,000,000
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains (or losses) on cash, cash equivalents and short-term investments		(1,343)
12.7	Miscellaneous proceeds		3
12.8	Total investment proceeds (Lines 12.1 to 12.7)	75,273,183	49,301,737
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	42,677,136	53,540,048
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets	4,035,712	
13.6	Miscellaneous applications		154
13.7	Total investments acquired (Lines 13.1 to 13.6)	46,712,848	53,540,202
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)	28,560,335	(4,238,465)
	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	(15,996,539)	
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	14,003,461	
16.6	Other cash provided (applied)	4,785,411	7,584,140
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(25,214,589)	7,584,140
	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)	2,737,780	(644,537)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	6,754,219	7,398,756
19.2	End of year (Line 18 plus Line 19.1)	9,491,999	6,754,219

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	24,883,331	
20.0002	16.5 - Dividends to stockholders	14,003,461	
20.0003	16.2 - Capital and paid in surplus, less treasury stock	(5,654,976)	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	1,476,101	760,168	797,901	1,438,368
2. Allied lines	1,249,163	611,532	662,523	1,198,172
3. Farmowners multiple peril	618,261	296,647	310,499	604,409
4. Homeowners multiple peril	12,092,279	6,004,444	6,407,660	11,689,063
5. Commercial multiple peril	14,839,206	7,810,334	7,593,965	15,055,575
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	1,354,155	665,881	651,016	1,369,020
10. Financial guaranty				
11.1 Medical professional liability—occurrence	6,186	3,235	2,891	6,530
11.2 Medical professional liability—claims-made	859	314	334	839
12. Earthquake	273,708	143,768	139,083	278,393
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	(637)	637		
16. Workers' compensation	7,225,045	3,020,614	3,043,974	7,201,685
17.1 Other liability—occurrence	4,374,134	2,236,026	2,136,151	4,474,009
17.2 Other liability—claims-made	184,024	79,377	85,505	177,896
17.3 Excess Workers' Compensation		3,930		3,930
18.1 Products liability—occurrence	112,670	77,285	59,545	130,410
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	15,751,380	4,547,369	5,674,320	14,624,429
19.3,19.4 Commercial auto liability	6,751,683	3,440,106	3,269,094	6,922,695
21. Auto physical damage	12,185,487	4,010,235	4,676,550	11,519,172
22. Aircraft (all perils)				
23. Fidelity	52,323	43,853	42,818	53,358
24. Surety	5,792,692	3,455,354	3,486,506	5,761,540
26. Burglary and theft	2,476	1,530	1,193	2,813
27. Boiler and machinery	1,525	271	662	1,134
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	84,342,720	37,212,910	39,042,190	82,513,440

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	797,895	6			797,901
2. Allied lines	662,516	7			662,523
3. Farmowners multiple peril	310,499				310,499
4. Homeowners multiple peril	6,407,660				6,407,660
5. Commercial multiple peril	7,490,725	125	102,665	451	7,593,966
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	648,466	2,550			651,016
10. Financial guaranty					
11.1 Medical professional liability—occurrence	2,891				2,891
11.2 Medical professional liablity—claims-made	334				334
12. Earthquake	139,083				139,083
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	2,944,034		83,963	15,977	3,043,974
17.1 Other liability—occurrence	2,116,285	7,960	12,356	(451)	2,136,150
17.2 Other liability—claims-made	83,855	1,470	180		85,505
17.3 Excess Workers' Compensation					
18.1 Products liability—occurrence	57,748	8	1,789		59,545
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	5,674,320				5,674,320
19.3,19.4 Commercial auto liability	3,237,766	31,329			3,269,095
21. Auto physical damage	4,670,144	6,406			4,676,550
22. Aircraft (all perils)					
23. Fidelity	15,605	27,213			42,818
24. Surety	1,858,857	1,627,649			3,486,506
26. Burglary and theft	1,193				1,193
27. Boiler and machinery	662				662
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	37,120,538	1,704,723	200,953	15,977	39,042,191
36. Accrued retrospective premiums based on experience					(15,977)
37. Earned but unbilled premiums					(200,954)
38. Balance (Sum of Lines 35 through 37)					38,825,260

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	394,591	1,476,101		394,591		1,476,101
2. Allied lines	129,793	1,249,163		129,793		1,249,163
3. Farmowners multiple peril		618,261				618,261
4. Homeowners multiple peril	888,837	12,092,279		888,837		12,092,279
5. Commercial multiple peril		14,839,206				14,839,206
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	7,484	1,354,155		7,484		1,354,155
10. Financial guaranty						
11.1 Medical professional liability--occurrence		6,186				6,186
11.2 Medical professional liability--claims-made		859				859
12. Earthquake	930	273,708		930		273,708
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health		(637)				(637)
16. Workers' compensation		7,225,045				7,225,045
17.1 Other liability—occurrence	45,085	4,374,134		45,085		4,374,134
17.2 Other liability—claims-made		184,024				184,024
17.3 Excess Workers' Compensation						
18.1 Products liability—occurrence		112,670				112,670
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	47,999,139	15,751,380		47,999,139		15,751,380
19.3,19.4 Commercial auto liability	9,584,855	6,751,683		9,584,855		6,751,683
21. Auto physical damage	36,401,349	12,185,487		36,401,349		12,185,487
22. Aircraft (all perils)						
23. Fidelity		52,323				52,323
24. Surety		5,792,692				5,792,692
26. Burglary and theft		2,476				2,476
27. Boiler and machinery		1,525				1,525
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	95,452,063	84,342,720		95,452,063		84,342,720

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	216,913	586,396	216,913	586,396	260,699	247,533	599,562	41.683
2. Allied lines	148,814	765,861	148,814	765,861	218,080	206,892	777,049	64.853
3. Farmowners multiple peril		404,099		404,099	185,664	195,225	394,538	65.277
4. Homeowners multiple peril	861,091	6,320,034	861,091	6,320,034	3,126,988	2,328,938	7,118,084	60.895
5. Commercial multiple peril		7,957,896		7,957,896	13,724,058	12,912,760	8,769,194	58.245
6. Mortgage guaranty								
8. Ocean marine		34		34	(6)	117	(89)	
9. Inland marine	(4,061)	478,923	(4,061)	478,923	113,902	211,855	380,970	27.828
10. Financial guaranty								
11.1 Medical professional liability—occurrence		348		348	18,913	17,404	1,857	28.438
11.2 Medical professional liability—claims-made		384		384	3,865	3,876	373	44.458
12. Earthquake		(150)		(150)	316	481	(315)	(0.113)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health		10,136		10,136	362,406	61,561	310,981	
16. Workers' compensation		10,934,337		10,934,337	22,295,282	27,427,752	5,801,867	80.563
17.1 Other liability—occurrence	13,000	1,833,311	13,000	1,833,311	7,704,223	7,113,354	2,424,180	54.184
17.2 Other liability—claims-made		83,758		83,758	418,893	226,037	276,614	155.492
17.3 Excess Workers' Compensation						3,495	(3,495)	(88.931)
18.1 Products liability—occurrence		64,265		64,265	169,910	232,295	1,880	1.442
18.2 Products liability—claims-made						6	(6)	
19.1,19.2 Private passenger auto liability	25,674,189	8,761,889	25,674,189	8,761,889	11,151,031	11,758,154	8,154,766	55.761
19.3,19.4 Commercial auto liability	4,226,044	3,825,179	4,226,044	3,825,179	7,543,442	7,762,834	3,605,787	52.086
21. Auto physical damage	20,955,048	6,644,673	20,955,048	6,644,673	466,030	574,567	6,536,136	56.741
22. Aircraft (all perils)		1,509		1,509	630	(5,426)	7,565	
23. Fidelity		8,103		8,103	6,476	18,017	(3,438)	(6.443)
24. Surety		1,138,250		1,138,250	2,107,018	2,402,016	843,252	14.636
26. Burglary and theft		597		597	28	1,295	(670)	(23.818)
27. Boiler and machinery					416	416		
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X	171,288		171,288	1,566,100	1,500,933	236,455	
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	52,091,038	49,991,120	52,091,038	49,991,120	71,444,364	75,202,387	46,233,097	56.031

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	88,000	165,701	88,000	165,701	9,039	94,997	9,039	260,698	21,585
2. Allied lines	9,831	186,939	9,831	186,939	2,794	31,141	2,794	218,080	9,584
3. Farmowners multiple peril		156,713		156,713		28,951		185,664	36,272
4. Homeowners multiple peril	228,304	2,049,439	228,304	2,049,439	32,144	1,077,549	32,144	3,126,988	456,366
5. Commercial multiple peril		8,344,939		8,344,939		5,379,120		13,724,059	6,428,348
6. Mortgage guaranty									
8. Ocean marine		38		38		(45)		(7)	
9. Inland marine		72,767		72,767	95	41,134	95	113,901	53,475
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		3,398		3,398		15,515		18,913	10,110
11.2 Medical professional liablity—claims-made						3,865		3,865	1,071
12. Earthquake		316		316				316	(74)
13. Group accident and health								(a)	(20)
14. Credit accident and health (group and individual)									
15. Other accident and health		84,772		84,772		277,634		(a) 362,406	40,776
16. Workers' compensation		14,718,209		14,718,209		7,577,072		22,295,281	2,531,916
17.1 Other liability—occurrence	5,500	2,385,611	5,500	2,385,611	27,124	5,318,612	27,124	7,704,223	1,991,247
17.2 Other liability—claims-made		157,677		157,677		261,216		418,893	186,754
17.3 Excess Workers' Compensation									3
18.1 Products liability—occurrence		83,148		83,148		86,762		169,910	84,464
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	22,790,078	9,400,462	22,790,078	9,400,462	5,232,862	1,750,570	5,232,862	11,151,032	2,127,565
19.3,19.4 Commercial auto liability	10,092,094	4,815,140	10,092,094	4,815,140	4,397,420	2,728,303	4,397,420	7,543,443	1,176,178
21. Auto physical damage	218,970	269,426	218,970	269,426	(170,782)	196,604	(170,782)	466,030	87,519
22. Aircraft (all perils)		630		630				630	
23. Fidelity		2,436		2,436		4,040		6,476	6,920
24. Surety		(657,821)		(657,821)		2,764,839		2,107,018	660,094
26. Burglary and theft		5		5		23		28	112
27. Boiler and machinery		(52)		(52)		468		416	441
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance-Nonproportional Assumed Liability	XXX	731,963		731,963	XXX	834,136		1,566,099	34,710
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	33,432,777	42,971,856	33,432,777	42,971,856	9,530,696	28,472,506	9,530,696	71,444,362	15,945,416

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	3,254,366			3,254,366
1.2 Reinsurance assumed	3,223,495			3,223,495
1.3 Reinsurance ceded	3,254,366			3,254,366
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	3,223,495			3,223,495
2. Commission and brokerage:				
2.1 Direct, excluding contingent		12,794,401		12,794,401
2.2 Reinsurance assumed, excluding contingent		12,542,109		12,542,109
2.3 Reinsurance ceded, excluding contingent		12,794,401		12,794,401
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed		1,436,451		1,436,451
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)		13,978,560		13,978,560
3. Allowances to manager and agents	1,145	5,941	2	7,088
4. Advertising	110,067	549,969	1,301	661,337
5. Boards, bureaus and associations	32,723	168,213	43	200,979
6. Surveys and underwriting reports	95,926	478,524	1,497	575,947
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	3,924,012	4,508,171	149,199	8,581,382
8.2 Payroll taxes	79,088	508,124	10,564	597,776
9. Employee relations and welfare	340,985	1,735,292	11,316	2,087,593
10. Insurance	270,560	59,955	1,257	331,772
11. Directors' fees	58	301		359
12. Travel and travel items	240,983	385,395	3,286	629,664
13. Rent and rent items	165,170	609,607	3,837	778,614
14. Equipment	149,689	572,702	4,147	726,538
15. Cost or depreciation of EDP equipment and software	83,508	381,801	2,719	468,028
16. Printing and stationery	44,674	98,245	508	143,427
17. Postage, telephone and telegraph, exchange and express	135,697	525,817	5,030	666,544
18. Legal and auditing	33,882	77,068	7,150	118,100
19. Totals (Lines 3 to 18)	5,708,167	10,665,125	201,856	16,575,148
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 26,079		1,904,430		1,904,430
20.2 Insurance department licenses and fees		234,534		234,534
20.3 Gross guaranty association assessments		(26,767)		(26,767)
20.4 All other (excluding federal and foreign income and real estate)		216,022		216,022
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		2,328,219		2,328,219
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	809,153	757,877	33,430	1,600,460
25. Total expenses incurred	9,740,815	27,729,781	235,286	(a) 37,705,882
26. Less unpaid expenses—current year	15,945,414	3,511,102		19,456,516
27. Add unpaid expenses—prior year	17,904,365	5,427,688		23,332,053
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	11,699,766	29,646,367	235,286	41,581,419

DETAILS OF WRITE-IN LINES				
2401. Other expenses	578,795	757,877	33,430	1,370,102
2402. Change in unallocated expense reserves	230,358			230,358
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	809,153	757,877	33,430	1,600,460

(a) Includes management fees of $ 235,286 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) 1,787,369	1,797,176
1.1	Bonds exempt from U.S. tax	(a) 3,167,906	2,368,997
1.2	Other bonds (unaffiliated)	(a) 2,330,423	2,403,633
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 17,092	17,666
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	(22,992)	(22,992)
10.	Total gross investment income	7,279,798	6,564,480
11.	Investment expenses		(g) 235,288
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)		235,288
17.	Net investment income (Line 10 minus Line 16)		6,329,192

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income / (Expense)	(22,992)	(22,992)
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)	(22,992)	(22,992)
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 $ 197,114 accrual of discount less $ 427,410 amortization of premium and less $ 165,604 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	446,058		446,058		
1.1	Bonds exempt from U.S. tax	1,138,293		1,138,293	(627,577)	
1.2	Other bonds (unaffiliated)	32,085	(3,142)	28,943	76,290	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	1,616,436	(3,142)	1,613,294	(551,287)	

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	346,461	503,027	156,566
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	536	(13,965)	(14,501)
15.3 Accrued retrospective premiums	8,130	17,859	9,729
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	2,862,052	2,457,600	(404,452)
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	108,180	198,150	89,970
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,325,359	3,162,671	(162,688)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	3,325,359	3,162,671	(162,688)

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	108,180	198,150	89,970
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)	108,180	198,150	89,970

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 Preferred Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

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

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

C. Accounting Policies

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

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

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

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

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

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

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

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

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

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

9. Derivative Securities, refer to Note 8.

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

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

12. The Company did not change its capitalization policy in 2010.

13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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. Not used.

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
00086RAA5	44,050	36,572	7,478	36,572	40,877	3/31/2009
00086RAA5	5,111	4,299	812	4,299	4,809	3/31/2009
59023XAB2	145,908	127,627	18,281	127,627	127,816	3/31/2009
59023XAB2	96,755	83,978	12,777	83,978	66,851	12/31/2009
59023XAB2	64,001	62,480	1,521	62,480	48,884	3/31/2010
61749BAB9	152,274	144,640	7,634	144,640	92,841	12/31/2009
61749BAB9	127,223	126,099	1,124	126,099	102,882	3/31/2010
61749BAB9	102,696	102,198	498	102,198	94,960	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	$(81,876)	$(11,147)
Fair Value of Securities with Unrealized Losses	$5,929,163	$161,186

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

NOTES TO FINANCIAL STATEMENTS

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	$ 4,036,311
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	4,036,311
Securities Received	2,650,219
Total Collateral Received	$ 6,686,530

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	$ 2,161,033	$ 2,161,082
31 to 60 Days	1,736,196	1,736,277
61 to 90 Days	138,904	138,952
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	4,036,134	4,036,311
Securities Received	2,650,219	2,650,219
Total Collateral Reinvested	$ 6,686,353	$ 6,686,530

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

F. Real Estate

1. The Company 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.

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

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

NOTES TO FINANCIAL STATEMENTS

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	8,404,905	339,945	8,744,850	9,762,726	482,124	10,244,850	(1,357,821)	(142,179)	(1,500,000)
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	8,404,905	339,945	8,744,850	9,762,726	482,124	10,244,850	(1,357,821)	(142,179)	(1,500,000)
Deferred Tax Liabilities	(467,950)	0	(467,950)	(324,450)	0	(324,450)	(143,500)	0	(143,500)
Net DTA (DTL)	7,936,955	339,945	8,276,900	9,438,276	482,124	9,920,400	(1,501,321)	(142,179)	(1,643,500)
Deferred Tax Assets Nonadmitted	(2,862,052)	0	(2,862,052)	(2,457,600)	0	(2,457,600)	(404,452)	0	(404,452)
Net Admitted DTA (DTL)	5,074,903	339,945	5,414,848	6,980,676	482,124	7,462,800	(1,905,773)	(142,179)	(2,047,952)

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

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	1,058,200	339,945	1,398,145	1,763,000	41,000	1,804,000	(704,800)	298,945	(405,855)
Lesser of:									
Expected to be recognized within one year (10bi.)	3,612,703	13,395	3,626,098	2,906,558	441,350	3,347,908	706,145	(427,955)	278,190
10% of adjusted capital and surplus (10bii.)	2,677,802	0	2,677,802		0	5,116,719	0	0	0
Adj. gross DTAs offset against existing DTLs (10c.)	467,950	0	467,950	324,450	0	324,450	143,500	0	143,500
Total	4,203,952	339,945	4,543,897	4,994,008	482,350	5,476,358	(790,056)	(142,405)	(932,461)

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	1,058,200	339,945	1,398,145	1,763,000	41,000	1,804,000	(704,800)	298,945	(405,855)
Lesser of:									
Expected to be recognized within three years (10eiia.)	5,099,645	13,395	5,113,040	5,217,450	441,350	5,658,800	(117,805)	(427,955)	(545,760)
15% of adjusted capital and surplus (10eiib.)	4,016,703	0	4,016,703	0	0	7,675,079	0	0	0
Adj. gross DTAs offset against existing DTLs (10eiii.)	467,950	0	467,950	324,450	0	324,450	143,500	0	143,500
Total	5,542,853	339,945	5,882,798	7,304,900	482,350	7,787,250	(1,762,047)	(142,405)	(1,904,452)

NOTES TO FINANCIAL STATEMENTS

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2010	December 31, 2009	Change
Total Adjusted Capital	33,800,649	58,813,935	(25,013,286)
Authorized Control Level	7,498,223	7,595,750	(97,527)

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(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	3,736,002	339,945	4,075,947	4,669,784	482,124	5,151,908	(933,782)	(142,179)	(1,075,961)
Admitted Assets			185,759,461			210,436,009			(24,676,548)
Adjusted Statutory Surplus			33,800,649			58,813,935			(25,013,286)
Total Adjusted Capital from DTAs			33,800,649			58,813,935			(25,013,286)

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	1,338,901	0	1,338,901	2,310,892	0	2,310,892	(971,991)	0	(971,991)
Admitted Assets			187,098,362			212,746,901			(25,648,539)
Adjusted Statutory Surplus			35,139,550			61,124,827			(25,985,277)
Total Adjusted Capital from DTAs			35,139,550			61,124,827			(25,985,277)

	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 incurred taxes on earnings for the years ended December 31 are:

	2010	2009
Federal	(853,103)	1,994,452
Foreign	0	0
Realized capital gains	564,653	(554,202)
Federal and foreign income taxes incurred	(288,450)	1,440,250

The Company’s deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, goodwill and accrued benefits.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	(1,836,451)
Change in tax effect of unrealized (gains) losses	192,951
Total change in net deferred income tax	(1,643,500)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt income, goodwill, and discounting on unpaid losses and LAE.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $485,550 from the current year and $1,175,206 from the preceding year.

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

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

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

Access Insurance Services, Co.
America First Insurance Company
American Economy Insurance Company
American States Insurance Company
American States Lloyds Insurance Company
Avomark Insurance Company (merged 2/23/2010)
AMBCO Capital Corporation
America First Lloyds Insurance Company
American Fire & Casualty Company
American States Insurance Company of Texas
American States Preferred Insurance Company
Barrier Ridge LLC

NOTES TO FINANCIAL STATEMENTS

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

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

<u>Note 10- Information Concerning Parent, Subsidiaries and Affiliates</u>

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.

NOTES TO FINANCIAL STATEMENTS

D. At December 31, 2010, the Company reported a net $556,723 due from 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 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") and cash management agreements with Liberty Mutual Investment Advisors LLC ("LMIA"). Under these agreements, LMGI and LMIA provide services to the Company.

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

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

ASPIC and FNICA are parties to the Amended and Restated Short Term Borrowing Agreement with Safeco Corporation and affiliates (11/07).

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 does not own any investments in subsidiary, controlled or affiliated entities.

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 a result of the acquisition of the Company's parent, Safeco Corporation, by Liberty Mutual on September 22, 2008, the Company'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.

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.

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 $356,084. The CBP pension costs are subject to the inter-company pooling agreement described in Note 26. These costs amounted to $55,688 and $11,408 in 2010 and 2009, respectively. Also, a CBP additional minimum liability of $0 and $39,712, 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.

NOTES TO FINANCIAL STATEMENTS

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

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

2. Preferred Stock

   Not applicable

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	8,030,888	5,972,573	5,996,539	20,000,000
August			10,000,000	10,000,000
Total	8,030,888	5,972,573	15,996,539	30,000,000

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 $2,431,532.

6. As of December 31, 2010, the Company has restricted surplus of $1,338,901 from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes,* and pre-tax restricted surplus of $173,032 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

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

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $(412,909) after applicable deferred taxes of $222,335.

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 $364,415 that is offset by future premium tax credits of $66,679. 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.

NOTES TO FINANCIAL STATEMENTS

C. Gain Contingencies

Not applicable

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

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

E. All Other Contingencies

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

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

Note 15- Leases

A. Lessee Leasing Arrangements

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

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2011	$45,380	$319,395
2012	45,380	315,350
2013	45,380	212,522
2014	3,782	199,335
2015	0	111,097
2016 & thereafter	0	158,792
Total	$139,922	$1,316,491

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

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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 $6,549,745, with corresponding collateral value of $6,686,530 of which $4,036,311 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 $8,480.

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		$1,242,387		$1,242,387
Commercial Mortgage-Backed Securities		42,125		42,125
Total Bonds		1,284,512		1,284,512
Preferred Stocks	-	-	-	-
Common Stocks	-	-	-	-
Total assets at fair value	$0	$1,284,512	$0	$1,284,512
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 Company has no assets or liabilities measured at fair value in the Level 3 category.

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.

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,

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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 $7,191,235 and $7,064,764 as of December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.

2) 2010 North Carolina Private Passenger Automobile Escrow

As mandated by North Carolina Statute #58-7-26(C), the escrow account of the Company was $886,424 at December 31, 2010.

3) Interrogatory 6.1

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

Interrogatory 6.3

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

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

NOTES TO FINANCIAL STATEMENTS

F. State Transferable Tax Credits

The Company does not hold state transferable tax credits.

G. Subprime-Mortgage-Related Risk Exposure

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

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

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

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other Then Temporary Impairments Recognized
$176,586	$168,918	$149,349	$41,834

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

Note 22- Events Subsequent

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

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

Note 23- Reinsurance

A. Unsecured Reinsurance Recoverable

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

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	38,825,262	5,823,789	32,041,573	4,806,236	6,783,688	1,017,553
All Other						
Total	38,825,262	5,823,789	32,041,573	4,806,236	6,783,688	1,017,553

Direct Unearned Premium Reserve: 32,041,573

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	-	2,082,961	-	2,082,961
Sliding scale adjustments				
Other profit commissions				
Totals	-	2,082,961	-	2,082,961

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.

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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	3,798,533	-
	2. Adjustments – Prior Year(s)	(3,077,985)	-
	3. Adjustments – Current Year	42,661	-
	4. Total	763,208	-
b.	Consideration Paid or Received:		
	1. Initial	3,125,779	-
	2. Adjustments – Prior Year(s)	119,143	-
	3. Adjustments – Current Year	-	-
	4. Total	3,244,923	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial		
	2. Adjustments – Prior Year(s)	3,856,820	-
	3. Adjustments – Current Year	(12,930)	-
	4. Total	3,843,890	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	(789,863)	-
	2. Adjustments – Prior Year(s)	(659,692)	-
	3. Adjustments – Current Year	(29,730)	-
	4. Current Year Special Surplus	173,032	-
	5. Cumulative Total Transferred to Unassigned Funds	(1,652,317)	-
e.	All cedents and reinsurers included in the above transactions:		
	Peerless Insurance Company	763,208	-
	Total	763,208	-

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

G. Reinsurance Accounted for as a Deposit

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

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

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

<u>Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination</u>

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	$81,417
b. Unsecured amount	
c. Less: Non-admitted amount (10%)	8,130
d. Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e. Admitted amount (a) - (c) - (d)	$73,287

NOTES TO FINANCIAL STATEMENTS

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased $972,176 during 2010. This decrease was primarily the result of updated reserving analysis and improving loss trends in the Commercial Multiple Peril $241,047, Fidelity/Surety $780,041 and Private Passenger Auto Liability $892,154 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 $458,656, Other-Including Credit, Accident and Health $309,769, and Nonproportional Assumed Liability $242,058 lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26- Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Peerless Insurance Company (“PIC”)	24198	25.20%	All Lines
Affiliated Pool Companies:	The Ohio Casualty Insurance Company (“OCIC”)	24074	20.40%	All Lines
	Safeco Insurance Company of America (“SICOA”)	24740	15.20%	All Lines
	General Insurance Company of America (“GICA”)	24732	9.20%	All Lines
	American States Insurance Company (“ASIC”)	19704	7.60%	All Lines
	American Economy Insurance Company (“AEIC”)	19690	5.60%	All Lines
	Indiana Insurance Company (“IIC”)	22659	4.80%	All Lines
	Golden Eagle Insurance Corporation (“GEIC”)	10836	3.00%	All Lines
	Peerless Indemnity Insurance Company (“PIIC”)	18333	3.00%	All Lines
	Safeco Insurance Company of Illinois (“SICIL”)	39012	2.00%	All Lines
	The Netherlands Insurance Company (“NIC”)	24171	1.80%	All Lines
	American States Preferred Insurance Company (“ASPCO”)	37214	0.80%	All Lines
	First National Insurance Company of America (“FNICA”)	24724	0.80%	All Lines
	American Fire and Casualty Company (“AFCIC”)	24066	0.60%	All Lines
	America First Insurance Company (“AFIC”)	12696	0.00%	All Lines
	America First Lloyd’s Insurance Company (“AFLIC”)	11526	0.00%	All Lines
	American States Insurance Company of Texas (“ASICT”)	19712	0.00%	All Lines
	American States Lloyds Insurance Company (“ASLCO”)	31933	0.00%	All Lines
	Colorado Casualty Insurance Company (“CCIC”)	41785	0.00%	All Lines
	Consolidated Insurance Company (“CIC”)	22640	0.00%	All Lines
	Excelsior Insurance Company (“EIC”)	11045	0.00%	All Lines
	Hawkeye-Security Insurance Company (“HSIC”)	36919	0.00%	All Lines
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.00%	All Lines
	The Midwestern Indemnity Company (“MWIC”)	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.00%	All Lines
	National Insurance Association (“NIA”)	27944	0.00%	All Lines
	Ohio Security Insurance Company (“OSIC”)	24082	0.00%	All Lines
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.00%	All Lines
	Safeco National Insurance Company (“SNIC”)	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company (“SSLIC”)	11100	0.00%	All Lines
	West American Insurance Company (“WAIC”)	44393	0.00%	All Lines
			100.0%	
100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation (“LNW”)	41939	0.00%	All Lines
	North Pacific Insurance Company (“NPIC”)	23892	0.00%	All Lines
	Oregon Automobile Insurance Company (“OAIC”)	23922	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.00%	All Lines

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

(a) Each Affiliated Pool Company cedes its net underwriting activity to the Lead Company. Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.

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

NOTES TO FINANCIAL STATEMENTS

(c) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.

(d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

(e) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.

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

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

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

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

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

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

Note 27- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of $974,888 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 $974,888 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	$424,556

Note 28 - Health Care Receivables

Not applicable

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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 $1,086,020 net of all reinsurance.

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

Note 33 - Asbestos/Environmental Reserves

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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 in warranted. The Company also completed its annual study on the environmental claims liability, resulting in immaterial adjustments to held reserves. During 2010 the Company monitored asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted. Based on this review of actual emerged losses, no material adjustments were made.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition
The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

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

Asbestos:

	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	1,186,527	1,371,846	1,294,188	1,339,059	1,252,801
Incurred losses and LAE	282,282	74,929	197,323	17,101	(104)
Calendar year payments	96,963	136,587	152,452	103,359	125,336
Ending Reserves	1,371,846	1,310,188	1,339,059	1,252,801	1,127,361
Assumed Reinsurance Basis					
Beginning Reserves	873,393	861,544	1,064,045	910,815	1,268,865
Incurred losses and LAE	37,737	245,163	(36,155)	450,235	(446)
Calendar year payments	49,586	82,541	117,075	92,185	161,306
Ending Reserves	861,544	1,024,166	910,815	1,268,865	1,107,113
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,696,302	1,804,185	1,910,855	1,833,098	2,158,451
Incurred losses and LAE	240,991	264,696	96,338	508,344	1,016
Calendar year payments	133,108	182,443	174,094	182,991	260,912
Ending Reserves	1,804,185	1,886,438	1,833,099	2,158,451	1,898,555

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	677,453
Assumed Reinsurance Basis	630,580
Net of Ceded Reinsurance Basis	1,215,094
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	357,357
Assumed Reinsurance Basis	5,896
Net of Ceded Reinsurance Basis	296,484

Environmental:	2006	2007	2008	2009	2010
Direct Basis					
Beginning Reserves	1,605,785	1,564,471	1,487,468	1,270,775	1,082,489
Incurred losses and LAE	147,726	411,607	32,751	(55,161)	(5,789)
Calendar year payments	189,040	297,447	249,445	133,124	107,752
Ending Reserves	1,564,471	1,678,631	1,270,774	1,082,490	968,948
Assumed Reinsurance Basis					
Beginning Reserves	325,505	293,838	285,596	274,620	197,678
Incurred losses and LAE	6,475	4,292	16	(69,990)	3,639
Calendar year payments	38,142	7,493	10,991	6,952	20,426
Ending Reserves	293,838	290,637	274,621	197,678	180,891

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis					
Beginning Reserves	1,757,538	1,636,495	1,636,412	1,395,634	1,116,478
Incurred losses and LAE	87,690	454,144	(28,814)	(147,481)	622
Calendar year payments	208,733	252,397	211,964	131,674	122,925
Ending Reserves	1,636,495	1,838,242	1,395,634	1,116,479	994,175

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	565,400
Assumed Reinsurance Basis	111,652
Net of Ceded Reinsurance Basis	567,763
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	236,056
Assumed Reinsurance Basis	891
Net of Ceded Reinsurance Basis	221,698

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

Note 34- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 – Financial Guarantee Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? 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 [X]

2.2 If yes, date of change:

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

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 [X] No [ ] N/A [ ]

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. ____ %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

21.2 If answer is yes:

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

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

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

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

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. $ 6,685,931

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

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

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

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

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

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

24.21	Subject to repurchase agreements	$ 0
24.22	Subject to reverse repurchase agreements	$ 0
24.23	Subject to dollar repurchase agreements	$ 0
24.24	Subject to reverse dollar repurchase agreements	$ 0
24.25	Pledged as collateral	$ 0
24.26	Placed under option agreements	$ 0
24.27	Letter stock or securities restricted as to sale	$ 0
24.28	On deposit with state or other regulatory body	$ 7,191,234
24.29	Other	$ 0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

GENERAL INTERROGATORIES

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005

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 [X]

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

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

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

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

28.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	140,227,769	143,078,064	2,850,295
29.2 Preferred stocks	0	0	0
29.3 Totals	140,227,769	143,078,064	2,850,295

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? $ 27,317

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? $ 1,952

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 56,798
2.2	Premium Denominator	$ 82,513,440	$ 83,812,239
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 403,162	$ 62,198
2.5	Reserve Denominator	$ 126,215,041	$ 134,764,069
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 0
3.22	Non-participating policies	$ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

5.5 If yes, give full information

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

8.2 If yes, give full information

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]
11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $ 329,370
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 41,179

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? $ 9,600

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

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From 0.00
12.42 To 9.00

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

12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $ 6,701,599
12.62 Collateral and other funds $ 1,979,870

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 2,878,800

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

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

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

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

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

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

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

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

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	92,035,060	86,897,775	89,561,906	92,777,599	87,670,000
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	53,475,237	46,567,056	57,904,252	59,083,496	55,946,053
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	28,440,108	26,085,571	27,373,034	30,905,914	30,690,124
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,844,378	4,453,824	9,018,824	7,801,033	6,556,240
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)		1	213	22	28
6. Total (Line 35)	179,794,783	164,004,227	183,858,229	190,568,064	180,862,445
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)	34,405,981	37,655,844	44,514,507	48,341,867	48,582,602
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	16,541,090	13,783,137	27,007,342	28,080,245	28,936,438
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	27,551,271	25,065,868	26,278,166	28,899,727	28,200,619
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,844,378	4,453,824	9,018,824	7,801,033	6,556,240
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)		1	213	22	28
12. Total (Line 35)	84,342,720	80,958,674	106,819,052	113,122,894	112,275,927
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(1,185,744)	3,519,999	2,945,938	7,263,937	13,003,788
14. Net investment gain (loss) (Line 11)	7,377,833	7,005,388	9,440,697	10,483,545	9,350,499
15. Total other income (Line 15)	(652,545)	(141,446)	179,691	355,083	(4,969)
16. Dividends to policyholders (Line 17)	(28,194)	358,600	132,911	94,891	132,800
17. Federal and foreign income taxes incurred (Line 19)	(853,103)	1,994,452	2,215,638	3,455,425	4,831,990
18. Net income (Line 20)	6,420,841	8,030,889	10,217,777	14,552,249	17,384,528
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	187,098,362	212,746,901	211,346,277	241,124,018	238,059,026
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	2,871,824	3,169,545	9,953,105	13,626,560	12,307,299
20.2 Deferred and not yet due (Line 15.2)	23,096,696	22,505,322	16,737,440	14,783,642	16,440,722
20.3 Accrued retrospective premiums (Line 15.3)	73,287	130,638	46,704	40,746	48,264
21. Total liabilities excluding protected cell business (Page 3, Line 26)	151,958,812	151,622,074	162,336,760	162,578,415	158,716,072
22. Losses (Page 3, Line 1)	71,444,366	75,202,385	77,545,503	76,408,786	75,472,212
23. Loss adjustment expenses (Page 3, Line 3)	15,945,414	17,904,365	18,076,766	18,192,060	19,269,637
24. Unearned premiums (Page 3, Line 9)	38,825,262	36,809,073	40,403,696	44,153,576	42,841,571
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)	35,139,550	61,124,827	49,009,517	78,545,603	79,342,954
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(607,966)	(3,990,212)	13,567,133	15,008,466	18,905,828
Risk-Based Capital Analysis					
28. Total adjusted capital	35,139,550	61,124,827	49,009,517	78,545,603	79,342,954
29. Authorized control level risk-based capital	7,499,278	7,597,634	9,197,362	9,662,280	9,516,081
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)	90.7	96.0	94.1	98.8	99.5
31. Stocks (Lines 2.1 & 2.2)			1.5		0.4
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)	6.5	4.0	4.5	1.1	
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		XXX	XXX	XXX	XXX
37. Other invested assets (Line 8)				0.0	0.0
38. Receivables for securities (Line 9)			0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	2.8	XXX	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
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					
48. Total of above Lines 42 to 47					
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)					

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2010	2 2009	3 2008	4 2007	5 2006
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	(358,337)	1,281,801	(1,274,835)	(59,955)	(783)
51.	Dividends to stockholders (Line 35)	(14,003,461)		(38,000,000)	(15,000,000)	(14,000,000)
52.	Change in surplus as regards policyholders for the year (Line 38)	(25,985,277)	12,115,310	(29,536,086)	(797,351)	3,473,081
	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)	55,416,704	44,693,801	46,408,303	57,011,237	48,277,099
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	29,793,014	26,537,551	32,980,988	33,312,088	31,875,531
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	15,544,663	13,348,971	18,878,684	14,585,939	13,683,029
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,156,489	610,115	456,225	(62,648)	520,863
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	171,288	2,471,378	422,550	277,636	(10,083)
58.	Total (Line 35)	102,082,158	87,661,816	99,146,750	105,124,252	94,346,439
	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)	25,503,471	19,845,831	25,542,097	29,257,506	26,654,163
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	8,476,300	9,505,900	15,359,929	15,573,896	16,303,637
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	14,683,572	12,415,322	17,499,087	13,430,583	12,809,146
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,156,489	610,115	456,225	(62,648)	520,863
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	171,288	2,471,438	422,550	277,636	(10,083)
64.	Total (Line 35)	49,991,120	44,848,606	59,279,888	58,476,973	56,277,726
	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)	240.0	132.4	218.0	144.0	141.5
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(958)	(6,170)	(3,115)	(2,938)	(2,790)
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)	(1.6)	(12.6)	(4.0)	(3.7)	(3.7)
	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)	(4,929)	(8,892)	(4,470)	(6,163)	(2,556)
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)	(10.1)	(11.3)	(5.6)	(8.1)	(3.6)

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	1,107	109	306	9	67	9	26	1,353	X X X
2. 2001	67,074	4,164	62,910	42,950	3,004	3,171	170	5,254	166	2,381	48,035	X X X
3. 2002	72,935	7,170	65,765	40,097	3,968	3,002	277	5,157	253	2,365	43,758	X X X
4. 2003	79,626	6,650	72,976	38,797	3,343	2,695	195	5,823	267	2,400	43,510	X X X
5. 2004	85,690	4,728	80,962	39,763	1,594	2,452	87	5,714	119	3,008	46,129	X X X
6. 2005	89,270	3,616	85,654	40,480	1,604	2,526	95	5,987	87	2,843	47,207	X X X
7. 2006	89,152	3,982	85,170	40,019	902	2,341	112	6,012	128	2,426	47,230	X X X
8. 2007	90,994	4,444	86,550	39,619	868	2,053	93	5,937	79	2,498	46,569	X X X
9. 2008	90,816	3,376	87,440	42,280	1,267	1,654	78	6,525	60	2,209	49,054	X X X
10. 2009	85,205	5,329	79,876	31,989	2,205	875	100	5,585	37	1,893	36,107	X X X
11. 2010	84,216	1,704	82,512	22,941	111	334	6	5,193	4	1,156	28,347	X X X
12. Totals	X X X	X X X	X X X	380,042	18,975	21,409	1,222	57,254	1,209	23,205	437,299	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR					Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
	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	Salvage and Subrogation Anticipated		
1. Prior	9,528	3,378	5,664	685	342	76	1,097	129	882	20	299	13,225	X X X
2. 2001	913	157	261	67	16		115	12	67	2	40	1,134	X X X
3. 2002	1,065	196	275	55	22	2	115	9	73	2	43	1,286	X X X
4. 2003	841	181	367	47	23		171	8	84	1	53	1,249	X X X
5. 2004	1,008	214	581	61	23		187	10	90	2	148	1,602	X X X
6. 2005	1,338	116	724	82	45		324	16	135	1	183	2,351	X X X
7. 2006	2,326	138	851	149	66		502	28	221	1	401	3,650	X X X
8. 2007	4,093	113	1,469	250	120		790	40	408	1	321	6,476	X X X
9. 2008	5,825	93	3,310	425	196		1,466	74	583	3	743	10,785	X X X
10. 2009	8,094	191	5,771	394	172	6	2,021	119	987	2	1,082	16,333	X X X
11. 2010	12,788	72	11,533	114	135		2,846	7	2,191		1,776	29,300	X X X
12. Totals	47,819	4,849	30,806	2,329	1,160	84	9,634	452	5,721	35	5,089	87,391	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	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	11,129	2,096
2. 2001	52,747	3,578	49,169	78.640	85.927	78.158			0.800	950	184
3. 2002	49,806	4,762	45,044	68.288	66.416	68.492			0.800	1,089	197
4. 2003	48,801	4,042	44,759	61.288	60.782	61.334			0.800	980	269
5. 2004	49,818	2,087	47,731	58.137	44.141	58.955			0.800	1,314	288
6. 2005	51,559	2,001	49,558	57.756	55.337	57.858			0.800	1,864	487
7. 2006	52,338	1,458	50,880	58.706	36.615	59.739			0.800	2,890	760
8. 2007	54,489	1,444	53,045	59.882	32.493	61.288			0.800	5,199	1,277
9. 2008	61,839	2,000	59,839	68.093	59.242	68.434			0.800	8,617	2,168
10. 2009	55,494	3,054	52,440	65.130	57.309	65.652			0.800	13,280	3,053
11. 2010	57,961	314	57,647	68.824	18.427	69.865			0.800	24,135	5,165
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	71,447	15,944

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) 1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	40,550	42,210	44,789	45,116	46,492	47,202	47,503	46,912	48,733	49,793	1,060	2,881
2. 2001	43,930	43,693	43,986	44,123	44,144	43,996	44,205	43,822	44,136	44,082	(54)	260
3. 2002	X X X	42,112	41,898	41,519	40,641	40,495	40,167	39,897	40,142	40,131	(11)	234
4. 2003	X X X	X X X	41,478	40,718	39,703	39,498	39,771	39,465	39,321	39,165	(156)	(300)
5. 2004	X X X	X X X	X X X	46,647	45,515	44,922	42,968	42,706	42,214	42,103	(111)	(603)
6. 2005	X X X	X X X	X X X	X X X	48,677	46,825	44,510	44,226	43,688	43,572	(116)	(654)
7. 2006	X X X	X X X	X X X	X X X	X X X	47,906	46,928	45,703	44,681	44,833	152	(870)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	51,348	49,986	46,861	46,837	(24)	(3,149)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	55,578	53,050	52,850	(200)	(2,728)
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	47,445	45,947	(1,498)	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	50,286	X X X	X X X
										12. Totals	(958)	(4,929)

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) 1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	12,499	20,431	25,307	28,702	31,145	32,972	34,532	35,554	36,849	X X X	X X X
2. 2001	21,783	31,528	36,024	38,883	40,483	41,430	41,984	42,446	42,716	42,947	X X X	X X X
3. 2002	X X X	19,192	28,094	32,332	35,293	36,807	37,684	38,238	38,537	38,854	X X X	X X X
4. 2003	X X X	X X X	19,366	27,888	31,974	34,639	36,438	37,224	37,697	37,954	X X X	X X X
5. 2004	X X X	X X X	X X X	20,093	30,176	34,879	37,672	39,322	40,137	40,534	X X X	X X X
6. 2005	X X X	X X X	X X X	X X X	20,571	30,544	35,319	38,423	40,367	41,307	X X X	X X X
7. 2006	X X X	X X X	X X X	X X X	X X X	20,950	31,125	35,556	39,133	41,346	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	21,770	32,336	37,190	40,711	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	25,242	37,325	42,589	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	21,084	30,559	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	23,158	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 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010
1. Prior	14,850	11,193	10,114	7,848	7,026	6,394	5,644	5,587	6,168	6,528
2. 2001	10,127	4,754	2,646	1,924	1,368	1,210	829	658	588	363
3. 2002	X X X	12,789	6,501	3,701	2,138	1,568	1,063	705	652	388
4. 2003	X X X	X X X	11,598	5,776	3,303	2,287	1,665	1,220	829	528
5. 2004	X X X	X X X	X X X	14,562	7,247	4,785	2,580	1,897	1,026	752
6. 2005	X X X	X X X	X X X	X X X	16,267	8,090	4,090	2,536	1,444	998
7. 2006	X X X	X X X	X X X	X X X	X X X	14,673	7,387	4,503	2,169	1,233
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	15,169	7,913	3,729	2,026
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,494	7,257	4,333
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	14,459	7,319
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	14,277

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L				(67)	(5,181)	403		
2. Alaska AK	L					(205)			
3. Arizona AZ	L								
4. Arkansas AR	L								
5. California CA	L	35,857,123	35,664,398		19,522,792	19,850,890	12,738,175	455,341	
6. Colorado CO	L					(548)	17		
7. Connecticut CT	N								
8. Delaware DE	L								
9. District of Columbia DC	L								
10. Florida FL	N				500	500			
11. Georgia GA	L	1,085,270	1,181,037		992,650	1,165,135	310,792	13,782	
12. Hawaii HI	N								
13. Idaho ID	L	1,636,327	1,939,914		595,774	849,225	1,418,022	20,779	
14. Illinois IL	L	570,399	566,902		470,114	496,506	242,817	7,243	
15. Indiana IN	L				(1,974)	(2,088)	29,172		
16. Iowa IA	L				(1,074)	(844)	230		
17. Kansas KS	L								
18. Kentucky KY	L				674	330	1,180		
19. Louisiana LA	L								
20. Maine ME	N								
21. Maryland MD	L	32,031,201	25,333,945		15,742,226	21,602,751	9,292,894	406,757	
22. Massachusetts MA	N								
23. Michigan MI	L								
24. Minnesota MN	L					41,951	148,979		
25. Mississippi MS	L	375,917	501,052		132,720	31,581	500,172	4,774	
26. Missouri MO	L				(1,770)	(4,016)	4,419		
27. Montana MT	L	1,866,624	1,980,618		567,134	436,962	841,098	23,704	
28. Nebraska NE	L					(288)			
29. Nevada NV	L	274,408	386,682		395,683	489,665	662,899	3,485	
30. New Hampshire NH	N								
31. New Jersey NJ	N								
32. New Mexico NM	L				20,000	(31,342)	894		
33. New York NY	N								
34. North Carolina NC	L	13,051,873	12,584,180		8,989,464	7,592,445	5,268,402	165,743	
35. North Dakota ND	L	162,673	200,622		29,282	9,123	36,412	2,066	
36. Ohio OH	L				(300)	(6,471)	101,787		
37. Oklahoma OK	L								
38. Oregon OR	L				(859)	(1,398)			
39. Pennsylvania PA	L								
40. Rhode Island RI	N								
41. South Carolina SC	L								
42. South Dakota SD	L	155,570	164,335		26,409	27,842	38,300	1,976	
43. Tennessee TN	L				(525)	178	10,900		
44. Texas TX	L				(840)	(2,476)	2,629		
45. Utah UT	L					401	5,057		
46. Vermont VT	N								
47. Virginia VA	L	30,238	33,787		84,062	(3,564)	29,210	384	
48. Washington WA	L	7,596,274	8,395,464		4,258,124	3,607,757	11,069,379	96,463	
49. West Virginia WV	L					9,500	9,500		
50. Wisconsin WI	L								
51. Wyoming WY	L	758,165	816,922		270,842	182,890	199,733	9,628	
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. U.S. Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Alien OT	XXX								
59. Totals	(a) 41	95,452,062	89,749,858		52,091,041	56,337,211	42,963,472	1,212,125	

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

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

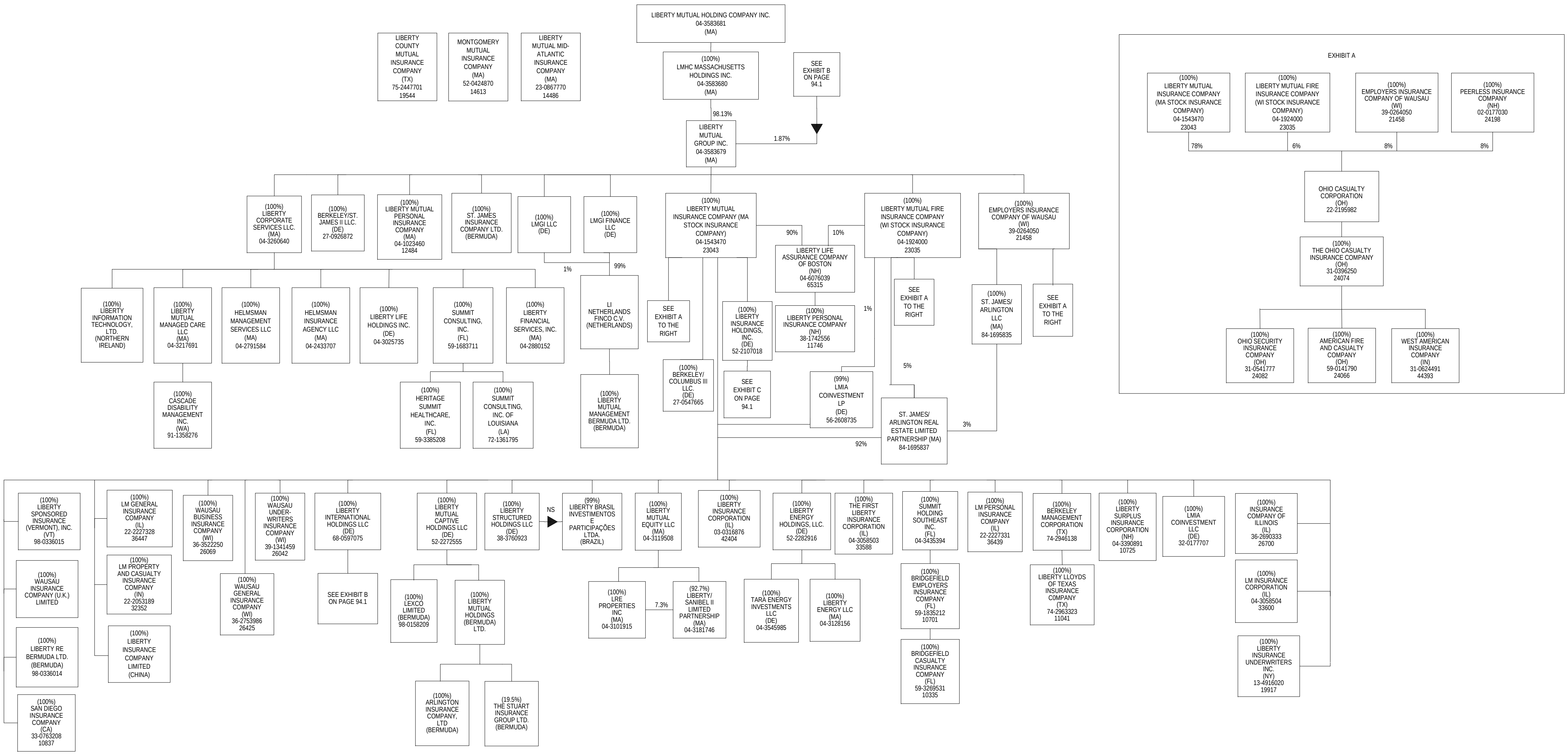
Explanation of basis of allocation of premiums by states, etc.

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

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

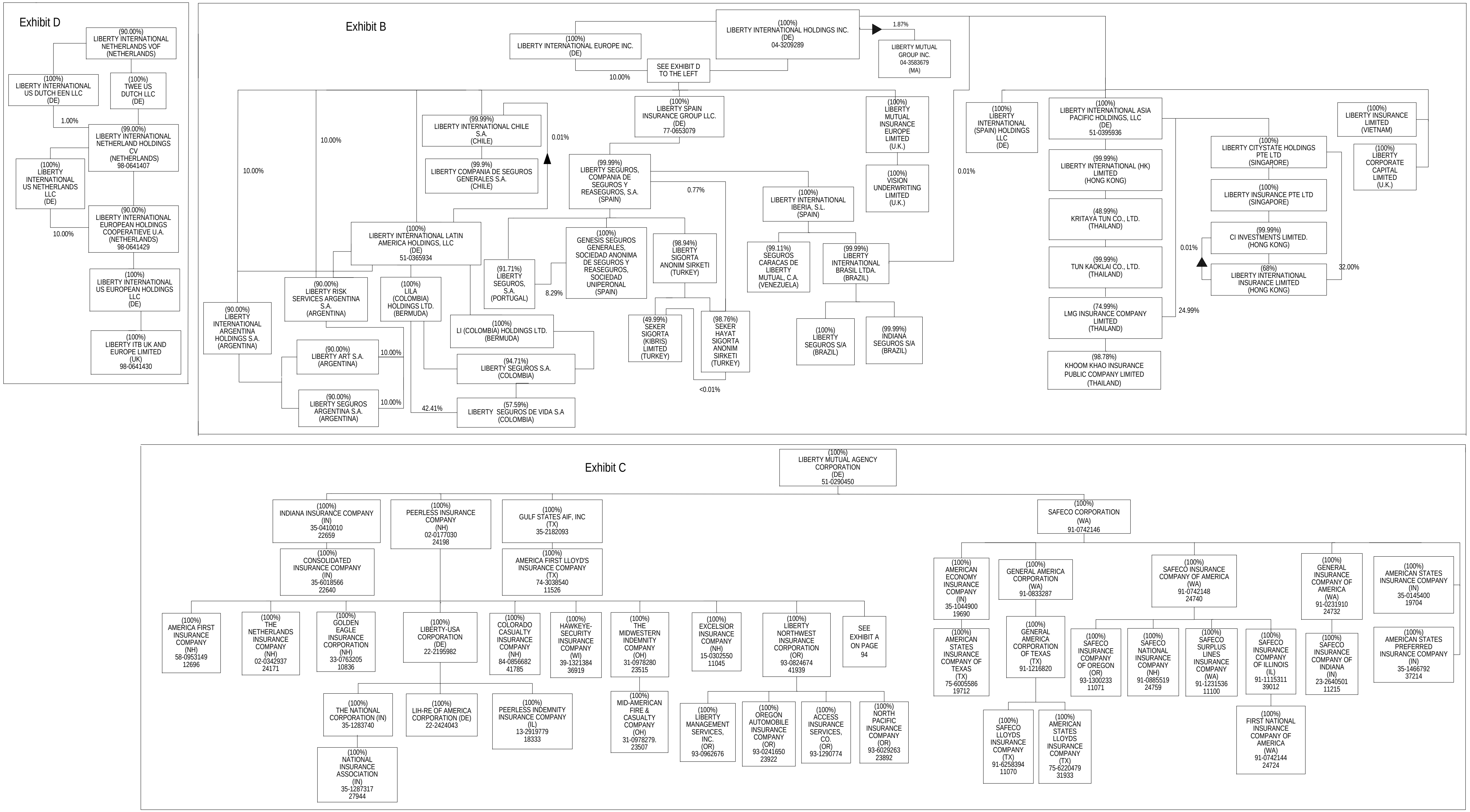
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Amounts held under uninsured plans	86,086	580,023
2505. Private passenger auto escrow	8,562	13,075
2506. Collateral held for securities loaned		1,051,921
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	94,648	1,645,019

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT