

**ANNUAL STATEMENT**

**OF THE**

**BRIDGEFIELD CASUALTY INSURANCE COMPANY**

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**of** \_\_\_\_\_ **LAKELAND** \_\_\_\_\_

**in the state of** \_\_\_\_\_ **FLORIDA** \_\_\_\_\_

**TO THE**

**Insurance Department**

**OF THE**

**FOR THE YEAR ENDED**

**December 31, 2010**

**PROPERTY AND CASUALTY**

**2010**



10335201020100100

ANNUAL STATEMENT

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

Bridgefield Casualty Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 10335 Employer's ID Number 59-3269531
Organized under the Laws of Florida, State of Domicile or Port of Entry Florida
Country of Domicile United States of America
Incorporated/Organized: October 7, 1994 Commenced Business February 16, 1995
Statutory Home Office 2310 Commerce Point Drive, Lakeland, FL 33801
Main Administrative Office: 2310 Commerce Point Drive, Lakeland, FL 33801
Mail Address: 175 Berkeley Street, Boston, MA 02116
Primary Location of Books and Records: 175 Berkeley Street, Boston, MA 02116
Internet Web Site Address www.Summitholdings.com
Statutory Statement Contact: Pamela Heenan, 617-357-9500 x44689

OFFICERS

Chairman of the Board
James Paul Condrin, III #

Table with 2 columns: Name, Title. Rows include James Paul Condrin, III # (President and Chief Executive Officer), Dexter Robert Legg (Vice President and Secretary), George Walker Doonan # (Vice President, Treasurer and Chief Financial Officer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Row 1: Anthony Alexander Fontanes (VP and Chief Investment Officer), Carol Prevatt Sipe # (Executive Vice President).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Row 1: James Paul Condrin, III #, John Derek Doyle, Carol Prevatt Sipe, George Walker Doonan #.

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 and Title section for James Paul Condrin, III #, Dexter Robert Legg, and George Walker Doonan #.

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

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

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	32,401,442		32,401,442	35,853,145
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 (\$ 3,917,279, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 3,682,827, Schedule DA)	7,600,106		7,600,106	17,826,973
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	2,188,298		2,188,298	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	42,189,846		42,189,846	53,680,118
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	451,737		451,737	476,596
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	50,004		50,004	205,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	6,763,916		6,763,916	6,771,604
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	19,156,791		19,156,791	15,197,663
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	4,775,553		4,775,553	
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	25,001		25,001	25,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	73,412,848		73,412,848	76,355,981
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	73,412,848		73,412,848	76,355,981

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	25,001		25,001	25,000
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)	25,001		25,001	25,000

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	207,222	
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	535,119	560,964
7.2 Net deferred tax liability	45,060	38,060
8. Borrowed money \$ 297 and interest thereon \$ 0	297	
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 2,211,282 and including warranty reserves of \$ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	19,950,543	11,973,560
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	528,191	
14. Amounts withheld or retained by company for account of others		
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		
19. Payable to parent, subsidiaries and affiliates	5,426,643	13,239,333
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending	2,188,298	
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities		7,125,020
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	28,881,373	32,936,937
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	28,881,373	32,936,937
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	1,800,000	1,800,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	30,200,000	30,200,000
35. Unassigned funds (surplus)	12,531,475	11,419,044
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)	44,531,475	43,419,044
38. Totals (Page 2, Line 28, Col. 3)	73,412,848	76,355,981

DETAILS OF WRITE-IN LINES		
2501. Collateral held for securities loaned		7,125,020
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)		7,125,020
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

## STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,563,499	2,057,325
10. Net realized capital gains (losses) less capital gains tax of \$ 49,255 (Exhibit of Capital Gains (Losses))	91,473	239,322
11. Net investment gain (loss) (Lines 9 + 10)	1,654,972	2,296,647
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(86,646)	(263,627)
15. Total other income (Lines 12 through 14)	(86,646)	(263,627)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,568,326	2,033,020
17. Dividends to policyholders		
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)	1,568,326	2,033,020
19. Federal and foreign income taxes incurred	448,895	654,134
20. Net income (Line 18 minus Line 19) (to Line 22)	1,119,431	1,378,886
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	43,419,044	41,763,218
22. Net income (from Line 20)	1,119,431	1,378,886
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(7,000)	276,940
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	1,112,431	1,655,826
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	44,531,475	43,419,044

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Other income/(expense)	(86,646)	(263,627)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(86,646)	(263,627)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

## CASH FLOW

	1	2
<b>Cash from Operations</b>	Current Year	Prior Year
1. Premiums collected net of reinsurance	10,748,577	14,094,615
2. Net investment income	1,650,508	2,225,541
3. Miscellaneous income	441,544	(263,627)
4. Total (Lines 1 through 3)	12,840,629	16,056,529
5. Benefit and loss related payments	3,751,906	3,813,445
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions		
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	523,995	538,580
10. Total (Lines 5 through 9)	4,275,901	4,352,025
11. Net cash from operations (Line 4 minus Line 10)	8,564,728	11,704,504
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	6,600,796	11,185,844
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,600,796	11,185,844
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,070,514	4,000,000
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	2,188,298	
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	5,258,812	4,000,000
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)	1,341,984	7,185,844
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds	297	
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(20,133,876)	(12,739,609)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(20,133,579)	(12,739,609)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(10,226,867)	6,150,739
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	17,826,973	11,676,234
19.2 End of year (Line 18 plus Line 19.1)	7,600,106	17,826,973

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

20.0001		
20.0002		
20.0003		

**NONE Underwriting and Investment Exhibit - Part 1**

**NONE Underwriting and Investment Exhibit - Part 1A**



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
	Direct Business (a)	2  From Affiliates	3  From Non- Affiliates	4  To Affiliates	5  To Non- Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	260,638,996		4,986,940	265,618,047	7,889	
17.1 Other liability—occurrence						
17.2 Other liability—claims-made						
17.3 Excess Workers' Compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
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	260,638,996		4,986,940	265,618,047	7,889	

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

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

If yes: 1. The amount of such installment premiums \$ 260,638,996

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 243,944,474

## UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical professional liability—occurrence								
11.2 Medical professional liability—claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	155,141,233	3,771,331	158,912,564					
17.1 Other liability—occurrence								
17.2 Other liability—claims-made								
17.3 Excess Workers' Compensation								
18.1 Products liability—occurrence								
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
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	155,141,233	3,771,331	158,912,564					

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 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril	600,000		600,000						
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation	163,522,188	7,220,573	170,742,761		282,255,463	6,254,611	288,510,074		
17.1 Other liability—occurrence									
17.2 Other liability—claims-made									
17.3 Excess Workers' Compensation									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability									
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	164,122,188	7,220,573	171,342,761		282,255,463	6,254,611	288,510,074		
<b>DETAILS OF WRITE-IN LINES</b>									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	37,040,551			37,040,551
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	37,040,551			37,040,551
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent		25,927,854		25,927,854
2.2 Reinsurance assumed, excluding contingent		2,409,321		2,409,321
2.3 Reinsurance ceded, excluding contingent		28,337,175		28,337,175
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed		(752)		(752)
2.6 Contingent—reinsurance ceded		(752)		(752)
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)				
3. Allowances to manager and agents			1	1
4. Advertising			420	420
5. Boards, bureaus and associations			14	14
6. Surveys and underwriting reports			484	484
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			48,205	48,205
8.2 Payroll taxes			3,413	3,413
9. Employee relations and welfare			3,656	3,656
10. Insurance			406	406
11. Directors' fees				
12. Travel and travel items			1,062	1,062
13. Rent and rent items			1,240	1,240
14. Equipment			1,340	1,340
15. Cost or depreciation of EDP equipment and software			878	878
16. Printing and stationery			164	164
17. Postage, telephone and telegraph, exchange and express			1,625	1,625
18. Legal and auditing			2,310	2,310
19. Totals (Lines 3 to 18)			65,218	65,218
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			10,801	10,801
25. Total expenses incurred			76,019	(a) 76,019
26. Less unpaid expenses—current year				
27. Add unpaid expenses—prior year				
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)			76,019	76,019

DETAILS OF WRITE-IN LINES				
2401. Other expenses			10,801	10,801
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			10,801	10,801

(a) Includes management fees of \$ 76,019 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) 1,081,184	1,038,923
1.1 Bonds exempt from U.S. tax	(a) 90,950	90,950
1.2 Other bonds (unaffiliated)	(a) 488,642	493,638
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) (4,539)	7,867
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	8,480	8,480
10. Total gross investment income	1,664,717	1,639,858
11. Investment expenses		(g) 76,019
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 339
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)		76,358
17. Net investment income (Line 10 minus Line 16)		1,563,500

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	8,480	8,480
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)	8,480	8,480
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 \$ 13,125 accrual of discount less \$ 75,274 amortization of premium and less \$ 4,102 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 \$ 373 accrual of discount less \$ 8,304 amortization of premium and less \$ 326 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	140,728		140,728		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	140,728		140,728		

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)					

**NONE Exhibit of Nonadmitted Assets**

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

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

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

#### C. Accounting Policies

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

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

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

### **Note 2 - Accounting Changes and Correction of Errors**

- A. There were no material changes in accounting principle or correction 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. Debt Restructuring

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: None
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: None
5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' equity. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

#### E. Repurchase Agreements and Securities Lending

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

Aging of Collateral	Total Fair Value
Open	\$ 2,188,623
30 Days or Less	
31 to 60 Days	
61 to 90 Days	
Greater than 90 Days	
Sub-Total	2,188,623
Securities Received	4,170,593
Total Collateral Received	\$ 6,359,216



## NOTES TO FINANCIAL STATEMENTS

#### 4. Securities Lending Transactions Administered by an Affiliated Agent

The Company's security lending transactions are not administered by an affiliate agent.

#### 5. Collateral Reinvestment

##### a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open		
30 Days or Less	\$ 1,171,784	\$ 1,171,811
31 to 60 Days	941,423	941,467
61 to 90 Days	75,319	75,345
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	2,188,526	2,188,623
Securities Received	4,170,593	4,170,593
Total Collateral Reinvested	\$ 6,359,120	\$ 6,359,216

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

#### F. Real Estate

The Company does not own real estate.

#### G. Investments in Low-Income Housing Tax Credits

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

### **Note 6 - Joint Ventures, Partnerships & Limited Liability Companies**

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

The Company has no investments in joint ventures, partnerships, or limited liability companies.

#### 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.

### **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.

## NOTES TO FINANCIAL STATEMENTS

### 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	130	1,400	1,530	130	700	830	0	700	700
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	130	1,400	1,530	130	700	830	0	700	700
Deferred Tax Liabilities	(23,840)	(22,750)	(46,590)	(16,250)	(22,640)	(38,890)	(7,590)	(110)	(7,700)
Net DTA (DTL)	(23,710)	(21,350)	(45,060)	(16,120)	(21,940)	(38,060)	(7,590)	590	(7,000)
Deferred Tax Assets Nonadmitted	0	0	0	0	0	0	0	0	0
Net Admitted DTA (DTL)	(23,710)	(21,350)	(45,060)	(16,120)	(21,940)	(38,060)	(7,590)	590	(7,000)

The Company has not 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 Company has a net DTL; therefore, all DTAs and DTLs are admitted. Adjusted gross and net admitted DTAs are not impacted by tax planning strategies.

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

	2010	2009
Federal	448,895	654,134
Foreign	0	0
Realized capital gains	49,255	128,866
Federal and foreign income taxes incurred	498,150	783,000

The Company's DTAs and DTLs result primarily from wash sales and accretion of market discount.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	(7,000)
Change in tax effect of unrealized (gains) losses	0
Total change in net deferred income tax	(7,000)

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$535,150 from the current year and \$770,000 from the preceding year.

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

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

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

Access Insurance Services, Co.	AMBCO Capital Corporation
America First Insurance Company	America First Lloyds Insurance Company
American Economy Insurance Company	American Fire & Casualty Company
American States Insurance Company	American States Insurance Company of Texas
American States Lloyds Insurance Company	American States Preferred Insurance Company
Avomark Insurance Company (merged 2/23/2010)	Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.	Berkeley Management Corporation
Bridgefield Casualty Insurance Company	Bridgefield Employers Insurance Company
Capitol Court Corporation	Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010	Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Cascade Disability Management, Inc.	Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.	Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)	Consolidated Insurance Company
Copley Venture Capital, Inc.	Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.	Employers Insurance Company of Wausau
Excelsior Insurance Company	F.B. Beattie & Co., Inc.
First National Insurance Company of America	First State Agency Inc.
Florida State Agency, Inc. (Dissolved 8/20/2010)	General America Corporation
	General Insurance Company of America

## NOTES TO FINANCIAL STATEMENTS

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

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

### **Note 10 - Information Concerning Parent, Subsidiaries and Affiliates**

- A. All of the outstanding shares of capital stock of the Company are held by Bridgefield Employers Insurance Company ("BEIC"), a Florida insurance company. BEIC is wholly owned by Summit Holding Southeast, Inc., a Florida corporation. Summit Holding Southeast, Inc., is wholly owned by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company's affiliates during 2010.
- D. At December 31, 2010, the Company reported a net \$651,090 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. Refer to Note 26 for information regarding the inter-company reinsurance agreement.

The Company is a party to an investment management agreement with Liberty Mutual Group Inc. ("LMGI") and a cash management agreement 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.

## NOTES TO FINANCIAL STATEMENTS

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

The Company is a party to a managed care and PPO agreement with Heritage Summit HealthCare, Inc.

The Company is a party to a Managing General Agency Agreement with Summit Consulting, Inc.

The Company is a party to a Managing General Agent Agreement with Summit Consulting of Louisiana, Inc.

- 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, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

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

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

- 1. The Company has 18,000 shares authorized, issued and outstanding as of December 31, 2010. All shares have a stated par value of \$100.
- 2. Preferred Stock  
Not applicable
- 3. There are no dividend restrictions.
- 4. The Company did not pay any dividends to its parent during 2010.
- 5. The maximum amount of dividends that can be paid by Florida-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to surplus. The maximum dividend payout that may be made without prior approval during 2011 is \$1,253,147.
- 6. The Company does not have restricted unassigned surplus.
- 7. The Company had no advances to surplus.
- 8. The Company does not hold stock for special purposes.
- 9. The Company does not hold special surplus funds.
- 10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains and (losses) is \$0.
- 11. Surplus Notes  
Not applicable
- 12. Quasi re-organization (dollar impact)  
Not applicable

## NOTES TO FINANCIAL STATEMENTS

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 funds 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 no net guaranty fund or other assessment liabilities to report (refer to Note 26).

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 has no net lease obligations (refer to Note 26).

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 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 \$6,196,273, with corresponding collateral value of \$6,359,216 of which \$2,188,623 represents cash collateral.

## NOTES TO FINANCIAL STATEMENTS

## 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

Not applicable

## C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

Full Name and Address of MGA or TPA	FEIN #	Exclusive Contract	Type of Business Written	Type of Authority Granted	Total Direct Written Premiums
Summit Consulting, Inc. 2310 Commerce Point Drive Lakeland, Florida 33801	59-1683711	Yes	Workers' Compensation	C, CA, R, B, P, U	\$260,638,996

C – Claims Payment

CA – Claims Adjustment

R – Reinsurance Adjustment

B – Binding Authority

P – Premium Collection

U – Underwriting

### **Note 20 - Fair Value Measurements**

Pursuant to the guidance in SSAP No. 100, *Fair Value Measurements*, the Company has no assets or liabilities measured at fair value.

### **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) Pursuant to Florida Statutes 624.424 the following pertains to the Special Disability Trust Fund

- a. The amount taken by the Company in determination of its loss reserves was \$0 for the prior calendar year and \$0 in the current reporting period.
- b. The company received payments from the SDTF of \$0 in the prior calendar year and \$0 in the current reporting period.
- c. The Company was assessed by the SDTF for \$1,385,551 in the prior calendar year and \$881,063 in the current reporting period.

## 2) Pursuant to Florida Statutes 625.012 the following pertains to the Agents Balances at December 31, 2010. (all amounts are ceded under the 100 % quota share agreement with PIC)

a. Agents' balances or Uncollected Premiums per Statement	\$ 0 (1)
b. Premiums collected by "Controlled or Controlling" Persons	\$ 0 (2)
c. Premiums collected by "Controlled or Controlling" Persons w/I 15 days	\$ 0 (3)
d. Amount of applicable trust fund	\$ 0 (4)
e. Amount of applicable letter of credit	\$ 0 (5)
f. Amount of applicable Financial Guaranty bond	\$ 0 (6)
g. Totals of (4), (5), & (6)	\$ 0 (7)
h. (2) minus (3) minus (7)	\$ 0 (8)

Assets in the amount of \$2,104,486 and \$2,108,469 as of December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.

## NOTES TO FINANCIAL STATEMENTS

## 3) Interrogatory 6.1

The Company has a 100% Quota Share agreement with LMIC. The Company purchased a Workers' Compensation Catastrophe Treaty with limits of \$22,000,000 xs \$3,000,000.

## Interrogatory 6.3

The Company does not write property insurance.

D. The Company has no net exposure to uncollectible premium receivable balances (refer to Note 26).

## E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

## 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.
2. The Company does not have any direct exposure through investments in sub-prime mortgage loans.
3. The Company does not have any direct exposure through other investments.
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, the following are the unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
Continental Casualty Co.	20443	36-2114545	\$3,555,905
<b>Total</b>			<b>\$3,555,905</b>

## 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 &amp; 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	\$ 2,211,282	\$ 1,067,994	\$ (2,211,282)	\$ (1,067,994)	\$ 0	\$ 0
All Other						
<b>Total</b>	<b>\$ 2,211,282</b>	<b>\$ 1,067,994</b>	<b>\$ (2,211,282)</b>	<b>\$ (1,067,994)</b>	<b>\$ 0</b>	<b>\$ 0</b>

Direct Unearned Premium Reserve: \$ 0

2. The Company has no contingent commissions, sliding scale, or other profit sharing commissions for direct, assumed or ceded business.
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.

## NOTES TO FINANCIAL STATEMENTS

### E. Commutation of Ceded Reinsurance

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

### F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements.

### G. Reinsurance Accounted for as a Deposit

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

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

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

### **Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

The Company does not have net accrued retrospective premiums (refer to Note 26).

### **Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

The Company has no net exposure to changes in incurred losses and loss adjustment expenses (refer to Note 26).

### **Note 26 - Intercompany Pooling Arrangements**

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	4.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.40%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.20%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.10%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	LM Personal Insurance Company ("LMPIC")	36439	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	Personal Lines Only
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

- (a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.
- (b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (c) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.



## NOTES TO FINANCIAL STATEMENTS

- (d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (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 Liberty Mutual inter-company pool as at December 31, 2010:

Affiliate:	Amount:
Liberty Mutual Insurance Company	(60,871,839)
Liberty Mutual Fire Insurance Company	28,921,566
Liberty Insurance Corporation	8,967,927
LM Insurance Corporation	448,396
The First Liberty Insurance Corporation	224,198
Employers Insurance Company of Wausau	20,067,770
Wausau Underwriters Insurance Company	896,793
Wausau Business Insurance Company	896,793
LM General Insurance Company	224,198
LM Personal Insurance Company	224,198

Effective January 1, 2010, the 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 LMIC, the lead company in the Liberty Pool.

Effective January 1, 2010, LMGIC and LMPIC canceled their 100% Quota Share Agreements with LMPAC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.10% pool participation percentage.

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 January 1, 2010, LLOT and LMPICO terminated their 100% Quota Share Inter-Company Reinsurance Agreements with LMIC and became participants in the Liberty Mutual Inter-Company Reinsurance Agreement with a 0.00% pool participation percentage.

### **Note 27- Structured Settlements**

- A. The Company has no net exposure to contingent liabilities from the purchase of annuities (refer to Note 26).
- B. Not applicable

### **Note 28 - Health Care Receivables**

Not applicable

### **Note 29 - Participating Policies**

Not applicable

### **Note 30 - Premium Deficiency Reserves**

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

### **Note 31 - High Dollar Deductible Policies**

The Company does not have any high deductible policies.

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

The Company has no net loss and loss adjustment expense reserves (refer to Note 26).

### **Note 33 - Asbestos/Environmental Reserves**

The Company has no net exposure to asbestos and environmental claims (refer to Note 26).

## NOTES TO FINANCIAL STATEMENTS

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**Note 34 - Subscriber Savings Accounts**

The Company is not a reciprocal insurance company.

**Note 35 - Multiple Peril Crop Insurance**

Not applicable

**Note 36 - Financial Guarantee Insurance**

Not applicable

# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A
- 1.3 State Regulating? Florida
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No
- 2.2 If yes, date of change: 04/28/2010
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006
- 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. 12/31/2006
- 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). 01/24/2008
- 3.4 By what department or departments?  
Florida Office of Insurance Regulation  
 .....  
 .....  
 .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes  No  N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No
- 4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes  No
- 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

## GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....  
 .....  
 .....

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

7.2 If yes,

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

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

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

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

.....  
 .....  
 .....

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

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

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

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

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

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

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

.....  
 .....  
 .....

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

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

.....  
 .....  
 .....

## GENERAL INTERROGATORIES

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [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 domiciliary 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?  
 William Finn  
 175 Berkeley Street, Boston, MA 02116  
 Officer of Liberty Mutual Group Inc.  
 .....

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  No
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 During the 1st quarter, Liberty Mutual Group published several non-material changes to its Code of Business Ethics and Conduct designed to clarify existing Code provisions.  
 .....  
 .....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes  No
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
 .....  
 .....

## BOARD OF DIRECTORS

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

## FINANCIAL

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

## GENERAL INTERROGATORIES

### INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3) Yes  No
- 23.2 If no, give full and complete information relating thereto:  
 .....  
 .....  
 .....
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 Please reference Note 17B  
 .....  
 .....  
 .....
- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes  No  N/A
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$ 6,358,891
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$ 0
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes  No  N/A
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes  No  N/A
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MLSA) to conduct securities lending? Yes  No  N/A
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes  No
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- |  |       |  |                     |
|--|-------|--|---------------------|
|  | 24.21 | Subject to repurchase agreements                 | \$ <u>0</u>         |
|  | 24.22 | Subject to reverse repurchase agreements         | \$ <u>0</u>         |
|  | 24.23 | Subject to dollar repurchase agreements          | \$ <u>0</u>         |
|  | 24.24 | Subject to reverse dollar repurchase agreements  | \$ <u>0</u>         |
|  | 24.25 | Pledged as collateral                            | \$ <u>0</u>         |
|  | 24.26 | Placed under option agreements                   | \$ <u>0</u>         |
|  | 24.27 | Letter stock or securities restricted as to sale | \$ <u>0</u>         |
|  | 24.28 | On deposit with state or other regulatory body   | \$ <u>2,104,485</u> |
|  | 24.29 | Other  | \$ <u>0</u>         |
- 24.3 For category (24.27) provide the following:
- | 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|----------------------------|------------------|-------------|
| .....                      | .....            | 0           |
| .....                      | .....            | 0           |
| .....                      | .....            | 0           |
- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes  No  N/A
- 26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No
- 26.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

## GENERAL INTERROGATORIES

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

Yes  No

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

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

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

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

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

Yes  No

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

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

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

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

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

Yes  No

28.2 If yes, complete the following schedule:

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

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

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



## GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	36,084,269	38,390,095	2,305,826
29.2 Preferred stocks	0	0	0
29.3 Totals	36,084,269	38,390,095	2,305,826

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. 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? \$ \_\_\_\_\_ 0

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? \$ \_\_\_\_\_ 0

## GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$           0

1.62 Total incurred claims \$           0

1.63 Number of covered lives           0

All years prior to most current three years:

1.64 Total premium earned \$           0

1.65 Total incurred claims \$           0

1.66 Number of covered lives           0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$           0

1.72 Total incurred claims \$           0

1.73 Number of covered lives           0

All years prior to most current three years:

1.74 Total premium earned \$           0

1.75 Total incurred claims \$           0

1.76 Number of covered lives           0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ <u>          0</u>		\$ <u>          0</u>	
2.2 Premium Denominator	\$ <u>          0</u>		\$ <u>          0</u>	
2.3 Premium Ratio (2.1/2.2)	<u>          0.00</u>		<u>          0.00</u>	
2.4 Reserve Numerator	\$ <u>          0</u>		\$ <u>          0</u>	
2.5 Reserve Denominator	\$ <u>      207,222</u>		\$ <u>          0</u>	
2.6 Reserve Ratio (2.4/2.5)	<u>          0.00</u>		<u>          0.00</u>	

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

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

3.21 Participating policies \$           85,431

3.22 Non-participating policies \$       260,553,565

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

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

.....

.....

.....

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes  No  N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes  No
- 11.2 If yes, give full information  
 .....  
 .....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |  |    |   |
|---|--|----|---|
| 12.11 Unpaid losses   |  | \$ | 0 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) |  | \$ | 0 |
- 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? \$                      0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes  No  N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- |            |  |      |
|------------|--|------|
| 12.41 From |  | 0.00 |
| 12.42 To   |  | 0.00 |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes  No
- 12.6 If yes, state the amount thereof at December 31 of current year:
- |                                  |  |    |   |
|----------------------------------|--|----|---|
| 12.61 Letters of Credit          |  | \$ | 0 |
| 12.62 Collateral and other funds |  | \$ | 0 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$                      0
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes  No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.                      1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes  No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
 .....  
 .....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes  No
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes  No
- 14.5 If the answer to 14.4 is no, please explain:  
 .....  
 .....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes  No
- 15.2 If yes, give full information  
 .....  
 .....
- 16.1 Does the reporting entity write any warranty business? Yes  No   
 If yes, disclose the following information for each of the following types of warranty coverage:
- |                  | 1                         | 2                       | 3                         | 4                          | 5                        |
|------------------|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
|                  | Direct Losses<br>Incurred | Direct Losses<br>Unpaid | Direct Written<br>Premium | Direct Premium<br>Unearned | Direct Premium<br>Earned |
| 16.11 Home       | \$ 0                      | \$ 0                    | \$ 0                      | \$ 0                       | \$ 0                     |
| 16.12 Products   | \$ 0                      | \$ 0                    | \$ 0                      | \$ 0                       | \$ 0                     |
| 16.13 Automobile | \$ 0                      | \$ 0                    | \$ 0                      | \$ 0                       | \$ 0                     |
| 16.14 Other*     | \$ 0                      | \$ 0                    | \$ 0                      | \$ 0                       | \$ 0                     |

\* Disclose type of coverage: \_\_\_\_\_

## GENERAL INTERROGATORIES

### PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

Yes [ ] No [X]

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

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

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

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

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

Yes [ ] No [X]

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

\$           0

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

Yes [ ] No [X]

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

\$           0

## FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2010	2009	2008	2007	2006
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
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)	265,625,936	275,542,580	292,059,286	303,957,779	242,126,437
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	265,625,936	275,542,580	292,059,286	303,957,779	242,126,437
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
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)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)					
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	1,654,972	2,296,647	3,037,035	3,959,458	3,044,800
15. Total other income (Line 15)	(86,646)	(263,627)	(9,346)		
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	448,895	654,134	1,010,644	1,373,831	1,032,635
18. Net income (Line 20)	1,119,431	1,378,886	2,017,045	2,585,627	2,012,165
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	73,412,848	76,355,981	82,762,406	122,875,928	94,101,906
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	50,004	205,000		1,592,984	1,763,193
20.2 Deferred and not yet due (Line 15.2)	6,763,916	6,771,604	12,069,889	7,088,607	3,847,890
20.3 Accrued retrospective premiums (Line 15.3)				5,512,357	127,470
21. Total liabilities excluding protected cell business (Page 3, Line 26)	28,881,373	32,936,937	40,999,188	82,880,755	65,210,193
22. Losses (Page 3, Line 1)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 30 & 31)	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
26. Surplus as regards policyholders (Page 3, Line 37)	44,531,475	43,419,044	41,763,218	39,995,173	28,891,713
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	8,564,728	11,704,504	(65,668,371)	9,731,081	14,908,875
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	44,531,475	43,419,044	41,763,218	39,995,173	28,891,713
29. Authorized control level risk-based capital	329,534	255,952	320,073	885,059	642,583
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	76.8	66.8	78.5	62.9	78.7
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	18.0	33.2	21.5	37.0	21.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		X X X	X X X	X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)				0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	5.2	X X X	X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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	2	3	4	5
	2010	2009	2008	2007	2006
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains (losses) (Line 24)					
51. Dividends to stockholders (Line 35)					(548,000)
52. Change in surplus as regards policyholders for the year (Line 38)	1,112,431	1,655,826	1,768,045	11,103,460	907,737
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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)	158,912,564	149,942,819	127,894,967	107,042,385	83,958,931
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)		600,000	19,000	294,500	807,820
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
58. Total (Line 35)	158,912,564	150,542,819	127,913,967	107,336,885	84,766,751
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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)					
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
64. Total (Line 35)					
<b>Operating Percentages (Page 4)</b> (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)					
67. Loss expenses incurred (Line 3)					
68. Other underwriting expenses incurred (Line 4)					
69. Net underwriting gain (loss) (Line 8)					
<b>Other Percentages</b>					
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)					
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
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)					
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)					
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)					
<b>Two Year Loss Development (000 omitted)</b>					
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)					
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)					

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



**NONE Schedule P - Part 1 - Summary**

**NONE Schedule P - Part 2, 3, 4 - Summary**

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

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	9,822,562	9,822,562	8	4,963,470	5,449,673	11,386,428	
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	L	9,428,484	9,428,484		3,497,438	5,735,020	9,733,459	
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	L	30,245,716	30,245,716	157,511	18,214,540	18,910,610	46,423,302	
11. Georgia	GA	L	30,905,797	30,905,797	4	18,135,342	5,534,002	34,006,782	
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	L	27,462,379	27,462,379		17,399,756	28,860,495	63,258,635	
19. Louisiana	LA	L	48,491,718	48,491,718	442,891	30,034,931	51,205,260	118,210,735	
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	L	29,252,555	29,252,555		18,750,999	34,472,272	55,202,973	
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	L	25,841,831	25,841,831	5	15,691,201	22,619,969	29,165,999	
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	L	24,837,893	24,837,893		14,384,368	4,924,030	37,440,236	
42. South Dakota	SD	N							
43. Tennessee	TN	L	24,350,062	24,350,062	1	14,069,189	12,395,709	41,549,103	
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
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	X X X							
59. Totals	(a) 10		260,638,997	260,638,997	600,420	155,141,234	190,107,040	446,377,652	

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

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

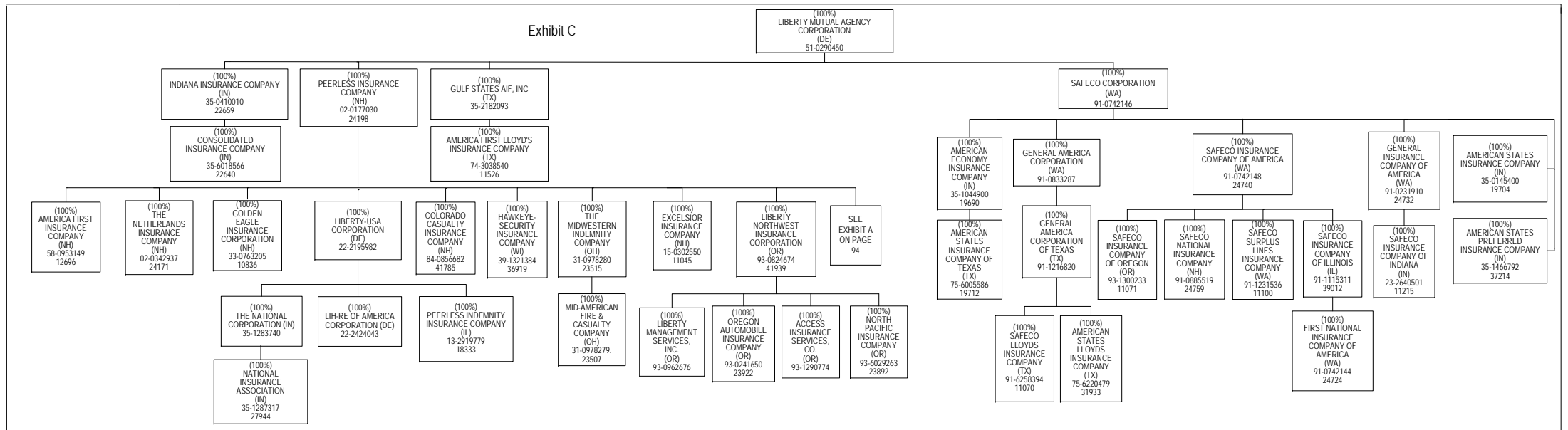
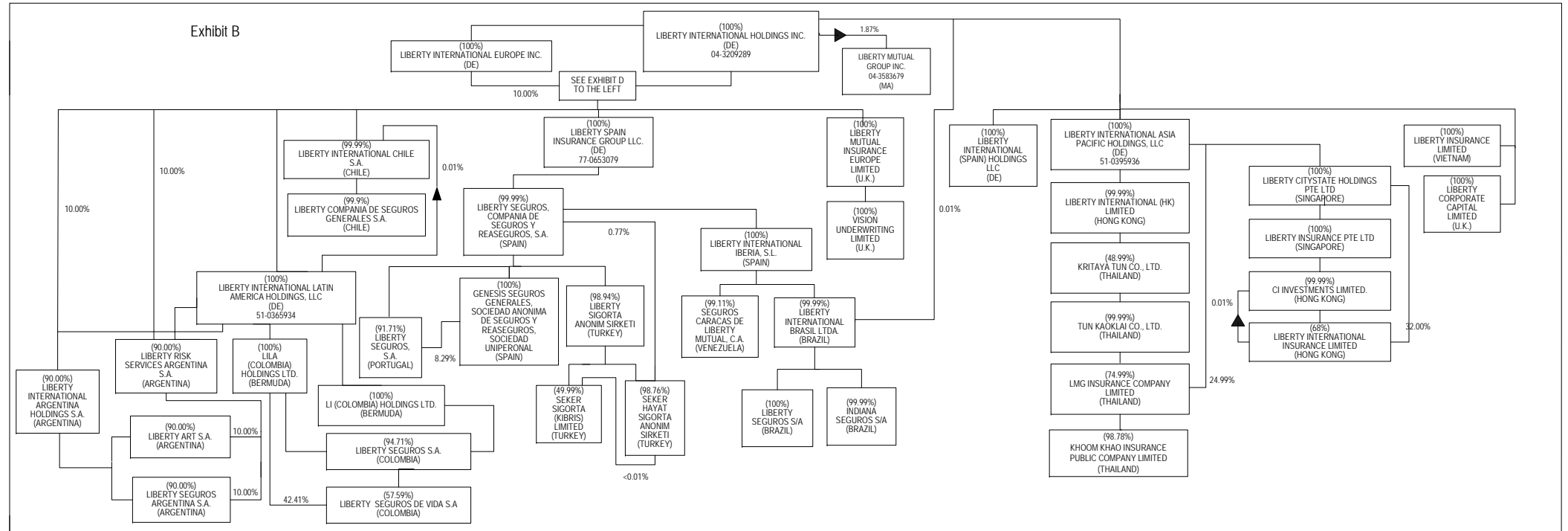
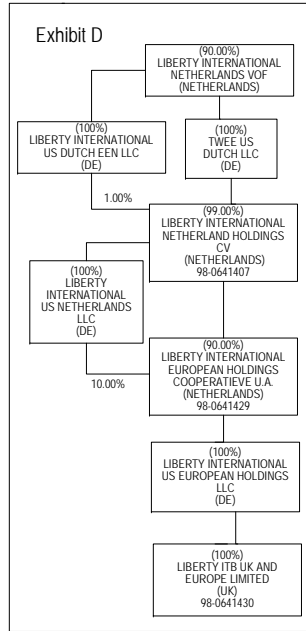
Explanation of basis of allocation of premiums by states, etc.	
*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	*Location of Court - Surety
*States employee's main work place - Worker's Compensation	*Address of Assured - Other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

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



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

## PART 1 - ORGANIZATIONAL CHART



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**OVERFLOW PAGE FOR WRITE-INS**

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