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PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

OF THE CONDITION AND AFFAIRS OF THE

GENERAL INSURANCE COMPANY OF AMERICA

NAIC Group Code 0111 (Current Period), 0163 (Prior Period) NAIC Company Code 24732 Employer's ID Number 91-0231910

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

Country of Domicile United States

Incorporated/Organized 03/20/1923 Commenced Business 05/01/1923

Statutory Home Office 1001 FOURTH AVE, SAFECO PLAZA (Street and Number), SEATTLE, WA 98154 (City or Town, State and Zip Code)

Main Administrative Office 1001 FOURTH AVE, SAFECO PLAZA (Street and Number) SEATTLE, WA 98154 (City or Town, State and Zip Code) 206-545-5000 (Area Code) (Telephone Number)

Mail Address 1001 FOURTH AVE, SAFECO PLAZA (Street and Number or P.O. Box), SEATTLE, WA 98154 (City or Town, State and Zip Code)

Primary Location of Books and Records 1001 FOURTH AVE, SAFECO PLAZA (Street and Number) SEATTLE, WA 98154 (City or Town, State and Zip Code) 206-545-5000 (Area Code) (Telephone Number)

Internet Website Address WWW.SAFECO.COM

Statutory Statement Contact BOBBI ANE HODGSON-JEFFERS (Name) 206-545-5000 (Area Code) (Telephone Number) (Extension)

bobhod@safeco.com (E-mail Address) 206-473-6770 (Fax Number)

OFFICERS

Name	Title	Name	Title
GARY RICHARD GREGG #	Chairman of the Board, CEO & President	DEXTER ROBERT LEGG #	Secretary
MICHAEL JOSEPH FALLON #	Chief Financial Officer & Treasurer		

OTHER OFFICERS

ANTHONY ALEXANDER FONTANES #	Chief Investment Officer & EVP	JOSEPH ANTHONY GILLES #	Executive Vice President
SCOTT RHODES GOODBY #	Chief Operating Officer & EVP		

DIRECTORS OR TRUSTEES

JOHN DEREK DOYLE #	MICHAEL JOSEPH FALLON #	ANTHONY ALEXANDER FONTANES #	JOSEPH ANTHONY GILLES #
SCOTT RHODES GOODBY #	GARY RICHARD GREGG #	CHRISTOPHER CHARLES MANSFIELD #	

State of MASSACHUSETTS

County of SUFFOLK ss

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

GARY RICHARD GREGG #	DEXTER ROBERT LEGG #	MICHAEL JOSEPH FALLON #
Chairman of the Board, CEO & President	Secretary	Chief Financial Officer & Treasurer

Subscribed and sworn to before me this 1ST day of FEBRUARY, 2009

COLLEEN K. LYNCH NOTARY PUBLIC
02/13/2015

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	1,529,250,806		1,529,250,806	1,552,497,064
2. Stocks (Schedule D):				
2.1 Preferred stocks	34,017,623		34,017,623	56,299,150
2.2 Common stocks	13,038,237		13,038,237	271,383,805
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ encumbrances)			0	0
4.2 Properties held for the production of income (less $ encumbrances)			0	0
4.3 Properties held for sale (less $ encumbrances)			0	0
5. Cash ($ 0 , Schedule E, Part 1), cash equivalents ($ 0 , Schedule E, Part 2) and short-term investments ($ 210,621,761 , Schedule DA)	210,621,761		210,621,761	25,395,714
6. Contract loans, (including $ premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	99,800
8. Receivables for securities	5,905,507		5,905,507	61,001
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,792,833,934	0	1,792,833,934	1,905,736,534
11. Title plants less $ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	22,298,095	22,725	22,275,370	22,344,711
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	121,279,968	6,819,256	114,460,712	156,705,443
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 3,363,759 earned but unbilled premium)	192,854,309	373,751	192,480,558	170,011,887
13.3 Accrued retrospective premium	596,766	59,677	537,089	468,585
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	31,083,605		31,083,605	37,653,850
14.2 Funds held by or deposited with reinsured companies	1,049,957		1,049,957	1,621,978
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	18,226,010		18,226,010	5,090,071
16.2 Net deferred tax asset	83,425,343	32,227,391	51,197,952	54,556,461
17. Guaranty funds receivable or on deposit	1,791,803		1,791,803	807,936
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets ($)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	75,085,435		75,085,435	76,577,452
22. Health care ($) and other amounts receivable			0	0
23. Aggregate write-ins for other than invested assets	1,130,778	110,429	1,020,349	798,875
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,341,656,003	39,613,229	2,302,042,774	2,432,373,782
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26. Total (Lines 24 and 25)	2,341,656,003	39,613,229	2,302,042,774	2,432,373,782
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Expenses	10,098	10,098	0	0
2302. Miscellaneous Accounts Receivable	89,930	89,930	0	0
2303. Other Assets	1,030,750	10,401	1,020,349	798,875
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	1,130,778	110,429	1,020,349	798,875

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	891,773,290	878,701,037
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	61,307,143	60,061,708
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	207,882,820	209,208,686
4. Commissions payable, contingent commissions and other similar charges	33,030,738	32,185,434
5. Other expenses (excluding taxes, licenses and fees)	58,615,104	60,853,986
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	16,734,553	7,067,378
7.1 Current federal and foreign income taxes (including $ (8,172,629) on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money $ and interest thereon $		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 173,281,797 and including warranty reserves of $)	464,642,504	507,766,123
10. Advance premium	7,299,922	6,490,001
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	1,508,929	1,687,790
12. Ceded reinsurance premiums payable (net of ceding commissions)	29,290,201	45,651,291
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	4,133,885	3,993,930
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	72,041,845	15,686,574
20. Payable for securities	1,174,791	0
21. Liability for amounts held under uninsured plans		0
22. Capital notes $ and interest thereon $		0
23. Aggregate write-ins for liabilities	4,988,246	8,672,468
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	1,854,423,971	1,838,026,406
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	1,854,423,971	1,838,026,406
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	170,891,058	170,891,058
33. Unassigned funds (surplus)	271,727,745	418,456,318
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 $)		0
34.2 shares preferred (value included in Line 29 $)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	447,618,803	594,347,376
36. Totals (Page 2, Line 26, Col. 3)	2,302,042,774	2,432,373,782
DETAILS OF WRITE-INS		
2301. Accounts Payable	4,532,007	7,977,769
2302. Other Liabilities		22,567
2303. Accrued Return Retrospective Premiums	456,239	672,132
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	4,988,246	8,672,468
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	1,271,834,736	1,286,157,811
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	706,060,880	683,255,790
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	146,221,888	125,109,489
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	385,673,726	394,257,265
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	1,237,956,494	1,202,622,544
7.	Net income of protected cells		0
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	33,878,242	83,535,267
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	85,871,467	94,433,767
10.	Net realized capital gains (losses) less capital gains tax of $ (7,707,977) (Exhibit of Capital Gains (Losses))	(25,713,595)	30,131,661
11.	Net investment gain (loss) (Lines 9 + 10)	60,157,872	124,565,428
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ 7,972 amount charged off $ 7,633,271)	(7,625,299)	(4,109,644)
13.	Finance and service charges not included in premiums	5,955,321	7,760,678
14.	Aggregate write-ins for miscellaneous income	3,736,470	432,435
15.	Total other income (Lines 12 through 14)	2,066,492	4,083,469
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	96,102,606	212,184,164
17.	Dividends to policyholders	1,528,468	1,091,252
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)	94,574,138	211,092,912
19.	Federal and foreign income taxes incurred	20,532,444	42,250,530
20.	Net income (Line 18 minus Line 19) (to Line 22)	74,041,694	168,842,382
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	594,347,376	876,596,611
22.	Net income (from Line 20)	74,041,694	168,842,382
23.	Net transfers (to) from Protected Cell accounts		0
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (34,407,056)	(63,901,178)	(24,712,419)
25.	Change in net unrealized foreign exchange capital gain (loss)	(1,831,622)	1,581,525
26.	Change in net deferred income tax	(2,391,370)	(2,144,602)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(30,161,156)	(816,121)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29.	Change in surplus notes		0
30.	Surplus (contributed to) withdrawn from protected cells		0
31.	Cumulative effect of changes in accounting principles	7,325,440	0
32.	Capital changes:		
	32.1. Paid in		0
	32.2. Transferred from surplus (Stock Dividend)		0
	32.3. Transferred to surplus		0
33.	Surplus adjustments:		
	33.1. Paid in		0
	33.2. Transferred to capital (Stock Dividend)		0
	33.3. Transferred from capital		0
34.	Net remittances from or (to) Home Office		0
35.	Dividends to stockholders	(123,000,000)	(425,000,000)
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
37.	Aggregate write-ins for gains and losses in surplus	(6,810,381)	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(146,728,573)	(282,249,235)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	447,618,803	594,347,376
	DETAILS OF WRITE-INS		
0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401.	Retroactive Reinsurance Gain	3,736,470	432,435
1402.			
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	3,736,470	432,435
3701.	Additional Minimum Liability on Benefit Plan	(6,810,381)	0
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(6,810,381)	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,234,863,032	1,299,661,177
2. Net investment income	92,573,474	106,245,520
3. Miscellaneous income	2,638,513	3,641,342
4. Total (Lines 1 through 3)	1,330,075,019	1,409,548,039
5. Benefit and loss related payments	673,903,039	675,251,265
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	532,742,131	534,816,950
8. Dividends paid to policyholders	1,707,329	878,721
9. Federal and foreign income taxes paid (recovered) net of $ (19,539,116) tax on capital gains (losses)	26,652,854	48,963,562
10. Total (Lines 5 through 9)	1,235,005,353	1,259,910,497
11. Net cash from operations (Line 4 minus Line 10)	95,069,666	149,637,541
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	155,829,033	670,810,370
12.2 Stocks	245,659,646	148,583,708
12.3 Mortgage loans	0	0
12.4 Real estate	0	200,000
12.5 Other invested assets	173,000	260,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(208)	0
12.7 Miscellaneous proceeds	0	25,789
12.8 Total investment proceeds (Lines 12.1 to 12.7)	401,661,471	819,879,867
13. Cost of investments acquired (long-term only):		
13.1 Bonds	154,185,530	362,176,097
13.2 Stocks	79,947,739	141,047,712
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	44,550	211,850
13.6 Miscellaneous applications	8,397,026	15,008,333
13.7 Total investments acquired (Lines 13.1 to 13.6)	242,574,845	518,443,992
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	159,086,626	301,435,875
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	123,000,000	425,000,000
16.6 Other cash provided (applied)	54,069,755	(931,650)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(68,930,245)	(425,931,650)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	185,226,048	25,141,766
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	25,395,714	253,948
19.2 End of year (Line 18 plus Line 19.1)	210,621,761	25,395,714

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Lines of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	27,634,335	12,583,621	14,698,116	25,519,840
2.	Allied lines	20,471,211	9,303,746	10,819,220	18,955,738
3.	Farmowners multiple peril	7,026,945	3,563,437	3,419,078	7,171,304
4.	Homeowners multiple peril	159,840,606	95,245,978	71,065,786	184,020,798
5.	Commercial multiple peril	135,326,615	71,170,838	65,972,816	140,524,636
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	(8)	0	0	(8)
9.	Inland marine	16,030,616	8,825,011	7,933,625	16,922,001
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	293,781	165,754	150,347	309,188
11.2	Medical malpractice - claims-made	20,763	20,191	9,119	31,835
12.	Earthquake	2,773,276	5,722,951	3,888,874	4,607,353
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	2,184	1,654,436	1,559,917	96,703
16.	Workers' compensation	29,803,014	16,406,728	13,608,354	32,601,388
17.1	Other liability - occurrence	52,054,590	25,253,074	24,528,126	52,779,538
17.2	Other liability - claims-made	8,822,656	4,077,531	3,768,024	9,132,163
18.1	Products liability - occurrence	1,283,174	650,434	627,703	1,305,905
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	340,657,793	90,065,814	83,506,721	347,216,886
19.3,19.4	Commercial auto liability	78,981,058	43,717,644	37,681,457	85,017,245
21.	Auto physical damage	243,625,664	69,771,444	64,223,421	249,173,687
22.	Aircraft (all perils)	1	0	0	1
23.	Fidelity	184,698	113,548	89,530	208,717
24.	Surety	103,529,587	49,575,866	56,927,402	96,178,051
26.	Burglary and theft	49,340	29,560	24,343	54,557
27.	Boiler and machinery	4,754	0	0	4,754
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0		0	0
31.	Reinsurance - Nonproportional Assumed Property	2,455	0	0	2,455
32.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
33.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	1,228,419,108	507,917,605	464,501,977	1,271,834,736
	DETAILS OF WRITE-INS				
3401.		0	0	0	0
3402.		0	0	0	0
3403.					
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	14,699,266	(1,150)		0	14,698,116
2.	Allied lines	10,841,381	(22,162)		0	10,819,220
3.	Farmowners multiple peril	3,419,078	0		0	3,419,078
4.	Homeowners multiple peril	71,070,872	(5,086)		0	71,065,786
5.	Commercial multiple peril	65,972,816	0		0	65,972,816
6.	Mortgage guaranty	0	0		0	0
8.	Ocean marine	0	0		0	0
9.	Inland marine	7,933,470	155		0	7,933,625
10.	Financial guaranty	0	0		0	0
11.1	Medical malpractice - occurrence	150,347	0		0	150,347
11.2	Medical malpractice - claims-made	9,119	0		0	9,119
12.	Earthquake	3,890,378	(1,504)		0	3,888,874
13.	Group accident and health	0	0		0	0
14.	Credit accident and health (group and individual)	0	0		0	0
15.	Other accident and health	1,559,917	0		0	1,559,917
16.	Workers' compensation	13,705,004	16		(96,666)	13,608,354
17.1	Other liability - occurrence	24,474,867	53,259		0	24,528,126
17.2	Other liability - claims-made	3,793,920	(1,738)		(24,158)	3,768,024
18.1	Products liability - occurrence	627,703	0		0	627,703
18.2	Products liability - claims-made	0	0		0	0
19.1,19.2	Private passenger auto liability	83,526,065	360		(19,704)	83,506,721
19.3,19.4	Commercial auto liability	37,681,457	0		0	37,681,457
21.	Auto physical damage	64,223,096	325		0	64,223,421
22.	Aircraft (all perils)	0	0		0	0
23.	Fidelity	80,888	8,642		0	89,530
24.	Surety	31,961,597	24,965,805		0	56,927,402
26.	Burglary and theft	24,343	0		0	24,343
27.	Boiler and machinery	0	0		0	0
28.	Credit	0	0		0	0
29.	International	0	0		0	0
30.	Warranty	0	0		0	0
31.	Reinsurance - Nonproportional Assumed Property					0
32.	Reinsurance - Nonproportional Assumed Liability					0
33.	Reinsurance - Nonproportional Assumed Financial Lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	439,645,584	24,996,921	0	(140,527)	464,501,977
36.	Accrued retrospective premiums based on experience					140,527
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					464,642,504
	DETAILS OF WRITE-INS					
3401.						
3402.						
3403.						
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

		1	Reinsurance Assumed		Reinsurance Ceded		6
	Line of Business	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1.	Fire	5,068,789	27,634,335	0	5,068,789	0	27,634,335
2.	Allied lines	82,332,357	20,471,211	10,776	82,343,133	0	20,471,211
3.	Farmowners multiple peril	0	7,026,945	0	0	0	7,026,945
4.	Homeowners multiple peril	7,115,231	159,840,606	0	7,115,231	0	159,840,606
5.	Commercial multiple peril	69,519,795	135,326,615	0	69,519,795	0	135,326,615
6.	Mortgage guaranty	0	0	0	0	0	0
8.	Ocean marine	0	(8)	(14)	(14)	0	(8)
9.	Inland marine	977,310	16,030,616	0	977,310	0	16,030,616
10.	Financial guaranty	0	0	0	0	0	0
11.1	Medical malpractice - occurrence	1,214,603	293,781	0	1,214,603	0	293,781
11.2	Medical malpractice - claims-made	90,276	20,763	0	90,276	0	20,763
12.	Earthquake	493,941	2,773,276	0	493,941	0	2,773,276
13.	Group accident and health	0	0	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0
15.	Other accident and health	0	2,184	0	0	0	2,184
16.	Workers' compensation	11,154,077	29,803,014	0	11,154,077	0	29,803,014
17.1	Other liability - occurrence	17,277,162	52,054,590	(27,777)	17,249,385	0	52,054,590
17.2	Other liability - claims-made	37,665,162	8,822,656	0	37,665,162	0	8,822,656
18.1	Products liability - occurrence	684,010	1,283,174	0	684,010	0	1,283,174
18.2	Products liability - claims-made	0	0	0	0	0	0
19.1,19.2	Private passenger auto liability	70,296,107	340,657,793	46,393,540	116,689,647	0	340,657,793
19.3,19.4	Commercial auto liability	76,827,170	78,981,058	0	76,827,170	0	78,981,058
21.	Auto physical damage	65,488,849	243,625,664	43,035,274	108,524,123	0	243,625,664
22.	Aircraft (all perils)	0	1	0	0	0	1
23.	Fidelity	51,742	184,698	0	51,742	0	184,698
24.	Surety	4,854,664	103,529,586	1,249,173	6,103,836	0	103,529,587
26.	Burglary and theft	21,388	49,340	0	21,388	0	49,340
27.	Boiler and machinery	297,535	4,754	0	297,535	0	4,754
28.	Credit	0	0	0	0	0	0
29.	International	0	0	0	0	0	0
30.	Warranty	0	0	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Property	XXX	2,455	0	0	0	2,455
32.	Reinsurance - Nonproportional Assumed Liability	XXX	0	0	0	0	0
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	451,430,168	1,228,419,107	90,660,972	542,091,139	0	1,228,419,108
	DETAILS OF WRITE-INS						
3401.							
3402.							
3403.							
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	1,810,348	13,078,974	1,810,348	13,078,974	7,221,894	4,933,024	15,367,844	60.2
2.	Allied lines	30,966,714	13,316,782	30,972,229	13,311,267	5,172,716	5,745,161	12,738,822	67.2
3.	Farmowners multiple peril	0	4,008,874	0	4,008,874	1,617,562	1,933,604	3,692,832	51.5
4.	Homeowners multiple peril	11,301,876	117,898,246	11,299,882	117,900,240	51,190,991	41,748,386	127,342,845	69.2
5.	Commercial multiple peril	42,406,035	79,215,951	42,406,035	79,215,951	120,967,500	117,978,402	82,205,049	58.5
6.	Mortgage guaranty	0	0	0	0	0	0	0	0.0
8.	Ocean marine	0	21,613	18,970	2,643	29,656	34,384	(2,085)	26,061.8
9.	Inland marine	572,220	6,405,211	572,220	6,405,211	1,538,606	1,306,179	6,637,638	39.2
10.	Financial guaranty	0	0	0	0	62	245	(183)	0.0
11.1	Medical malpractice - occurrence	155,000	38,697	155,000	38,697	382,143	361,810	59,030	19.1
11.2	Medical malpractice - claims-made	214,066	49,235	214,066	49,235	173,061	241,720	(19,424)	(61.0)
12.	Earthquake	0	1,790	0	1,790	29,291	35,376	(4,295)	(0.1)
13.	Group accident and health	0	0	0	0	0	0	0	0.0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.0
15.	Other accident and health	0	152,622	0	152,622	1,897,990	2,158,448	(107,836)	(111.5)
16.	Workers' compensation	8,972,769	21,806,459	8,972,769	21,806,459	144,834,123	158,225,348	8,415,234	25.8
17.1	Other liability - occurrence	52,520,965	21,158,876	52,868,744	20,811,097	91,103,223	89,572,632	22,341,688	42.3
17.2	Other liability - claims-made	31,690,076	6,896,176	31,690,076	6,896,176	10,760,722	12,483,079	5,173,819	56.7
18.1	Products liability - occurrence	2,350,182	731,633	2,350,182	731,633	3,103,922	2,869,640	965,915	74.0
18.2	Products liability - claims-made	0	0	0	0	361	31	330	0.0
19.1,19.2	Private passenger auto liability	40,993,808	235,809,777	71,599,778	205,203,807	285,824,936	291,073,893	199,954,850	57.6
19.3,19.4	Commercial auto liability	35,361,981	38,197,025	35,361,981	38,197,025	91,881,979	75,620,106	54,458,898	64.1
21.	Auto physical damage	40,021,222	167,529,311	63,710,561	143,839,972	9,425,298	7,891,118	145,374,152	58.3
22.	Aircraft (all perils)	0	111,778	0	111,778	184,841	160,539	136,080	13,607,989.0
23.	Fidelity	0	30,484	0	30,484	36,787	32,272	34,999	16.8
24.	Surety	154,061	5,063,488	154,061	5,063,488	18,734,927	14,249,461	9,548,954	9.9
26.	Burglary and theft	0	1,970	0	1,970	7,247	5,668	3,549	6.5
27.	Boiler and machinery	43,309	0	43,309	0	11,248	10,501	747	15.7
28.	Credit	0	0	0	0	0	0	0	0.0
29.	International	0	0	0	0	0	0	0	0.0
30.	Warranty	0	0	0	0	0		0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	5,925,868	1,066,546	4,859,322	0	0	4,859,322	197,935.7
32.	Reinsurance - Nonproportional Assumed Liability	XXX	0	0	0	45,642,207	50,030,009	(4,387,802)	0.0
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	0	0	0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	299,534,632	737,450,840	355,266,757	681,718,715	891,773,293	878,701,036	694,790,972	54.6
	DETAILS OF WRITE-INS								
3401.									
3402.									
3403.									
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Line of Business	Reported Losses 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)	Incurred But Not Reported 5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
1.	Fire	3,883,635	5,925,264	3,883,635	5,925,264	162,970	2,502,980	1,369,320	7,221,894	524,603
2.	Allied lines	1,965,153	3,839,665	1,965,153	3,839,665	3,240,229	1,333,051	3,240,229	5,172,716	743,528
3.	Farmowners multiple peril	0	1,394,986	0	1,394,986	0	222,576	0	1,617,562	689,395
4.	Homeowners multiple peril	2,758,156	38,496,029	2,758,156	38,496,029	624,215	12,694,962	624,215	51,190,991	7,976,560
5.	Commercial multiple peril	40,773,530	75,046,330	40,773,530	75,046,330	18,384,837	45,921,170	18,384,837	120,967,500	58,526,130
6.	Mortgage guaranty	0	0	0	0	0	0	0	0	0
8.	Ocean marine	0	35,003	30,560	4,443	0	134,832	109,619	29,656	12
9.	Inland marine	397,107	897,283	397,107	897,283	50,637	641,323	50,637	1,538,606	376,259
10.	Financial guaranty	0	0	0	0	56	62	56	62	106
11.1	Medical malpractice - occurrence	100,000	245,509	100,000	245,509	552,425	136,634	552,425	382,143	133,833
11.2	Medical malpractice - claims-made	410,000	94,300	410,000	94,300	270,424	78,761	270,424	173,061	70,343
12.	Earthquake	0	8,050	0	8,050	10,520	21,241	10,520	29,291	24,643
13.	Group accident and health	0	0	0	0	0	0	0	(a) 0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0	0	0	0
15.	Other accident and health	0	1,997,035	0	1,997,035	0	(99,045)	0	(a) 1,897,990	0
16.	Workers' compensation	86,513,091	107,544,342	86,513,091	107,544,342	33,669,014	41,522,008	37,901,241	144,834,123	21,059,575
17.1	Other liability - occurrence	28,322,805	40,505,972	34,258,995	34,569,782	19,216,134	56,818,395	19,501,088	91,103,223	34,392,443
17.2	Other liability - claims-made	19,847,945	4,375,077	19,847,945	4,375,077	27,463,815	6,385,645	27,463,815	10,760,722	4,885,298
18.1	Products liability - occurrence	10,719,567	2,580,463	10,719,567	2,580,463	555,101	523,459	555,101	3,103,922	1,588,855
18.2	Products liability - claims-made	0	0	0	0	403	361	403	361	79
19.1,19.2	Private passenger auto liability	40,357,557	248,522,788	60,548,311	228,332,034	10,716,438	58,158,970	11,382,506	285,824,936	46,728,367
19.3,19.4	Commercial auto liability	65,088,562	65,979,345	65,088,562	65,979,345	26,058,351	25,902,634	26,058,351	91,881,979	13,563,535
21.	Auto physical damage	1,162,355	1,247,505	1,163,765	1,246,095	3,845,058	8,501,516	4,167,371	9,425,298	3,268,418
22.	Aircraft (all perils)	0	181,713	0	181,713	0	3,128	0	184,841	2
23.	Fidelity	0	29,488	0	29,488	2,864	7,299	2,864	36,787	5,899
24.	Surety	840,114	(6,980,470)	840,114	(6,980,470)	954,809	25,715,397	954,809	18,734,927	12,906,225
26.	Burglary and theft	0	134	0	134	1,248	7,113	1,248	7,247	3,862
27.	Boiler and machinery	4,000	0	4,000	0	9,510	11,248	9,510	11,248	6,923
28.	Credit	0	0	0	0	0	0	0	0	0
29.	International	0	0	0	0	0	0	0	0	0
30.	Warranty	0	0	0	0	0	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Property	XXX	0	0	0	XXX	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Liability	XXX	40,660,808	12,723,060	27,937,748	XXX	18,169,724	465,265	45,642,207	407,930
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	XXX	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	303,143,577	632,626,619	342,025,551	593,744,645	145,789,058	305,315,444	153,075,854	891,773,293	207,882,823
	DETAILS OF WRITE-INS									
3401.										
3402.										
3403.										
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	37,743,146			37,743,146
1.2 Reinsurance assumed	44,403,611			44,403,611
1.3 Reinsurance ceded	37,861,301			37,861,301
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	44,285,456	0	0	44,285,456
2. Commission and brokerage:				
2.1 Direct, excluding contingent		52,405,849		52,405,849
2.2 Reinsurance assumed, excluding contingent		189,120,509		189,120,509
2.3 Reinsurance ceded, excluding contingent		64,636,727		64,636,727
2.4 Contingent-direct		6,070,935		6,070,935
2.5 Contingent-reinsurance assumed		18,011,550		18,011,550
2.6 Contingent-reinsurance ceded		6,753,443		6,753,443
2.7 Policy and membership fees		0		0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	194,218,673	0	194,218,673
3. Allowances to manager and agents	2,039,955	2,529,217	37	4,569,209
4. Advertising	77,654	3,555,343		3,632,997
5. Boards, bureaus and associations	495	2,743,102		2,743,597
6. Surveys and underwriting reports	4,239,922	8,842,006	263	13,082,191
7. Audit of assureds' records		0		0
8. Salary and related items:				
8.1 Salaries	52,934,984	63,287,722	2,069,591	118,292,297
8.2 Payroll taxes	3,854,840	4,402,134	20,152	8,277,126
9. Employee relations and welfare	7,585,116	12,688,160	42,790	20,316,066
10. Insurance	2,771,661	1,434,829		4,206,490
11. Directors' fees	0	372,794		372,794
12. Travel and travel items	3,904,269	4,378,501	7,126	8,289,896
13. Rent and rent items	6,720,531	8,938,205	11,466	15,670,202
14. Equipment	1,029,344	1,463,476	1,402	2,494,222
15. Cost or depreciation of EDP equipment and software	6,462,342	12,245,600	34,614	18,742,556
16. Printing and stationery	355,628	842,068	74,385	1,272,081
17. Postage, telephone and telegraph, exchange and express	2,439,938	5,730,361	2,854	8,173,153
18. Legal and auditing	7,519,753	15,348,576	107,580	22,975,909
19. Totals (Lines 3 to 18)	101,936,432	148,802,094	2,372,260	253,110,786
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 567,334		23,166,766		23,166,766
20.2 Insurance department licenses and fees		2,952,370		2,952,370
20.3 Gross guaranty association assessments		1,271,091		1,271,091
20.4 All other (excluding federal and foreign income and real estate)		14,804,256		14,804,256
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	42,194,483	0	42,194,483
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans		(15,158)		(15,158)
24. Aggregate write-ins for miscellaneous expenses	0	473,634	0	473,634
25. Total expenses incurred	146,221,888	385,673,726	2,372,260	(a) 534,267,874
26. Less unpaid expenses - current year	207,882,823	108,380,395		316,263,218
27. Add unpaid expenses - prior year	209,208,686	100,106,798	0	309,315,484
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	147,547,751	377,400,129	2,372,260	527,320,140
DETAILS OF WRITE-INS				
2401. Charitable Contributions		473,634		473,634
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	473,634	0	473,634

(a) Includes management fees of $ 162,682 to affiliates and $ 18,900 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 1,930,331	1,797,951
1.1	Bonds exempt from U.S. tax	(a) 48,408,801	49,396,667
1.2	Other bonds (unaffiliated)	(a) 26,897,934	25,891,947
1.3	Bonds of affiliates	(a) 0	
2.1	Preferred stocks (unaffiliated)	(b) 4,384,380	4,953,590
2.11	Preferred stocks of affiliates	(b) 0	0
2.2	Common stocks (unaffiliated)	4,012,596	3,529,041
2.21	Common stocks of affiliates	0	
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 1,688,195	1,706,423
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	971,804	971,804
10.	Total gross investment income	88,294,041	88,247,423
11.	Investment expenses		(g) 2,372,262
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13.	Interest expense		(h) 3,694
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		2,375,956
17.	Net investment income (Line 10 minus Line 16)		85,871,467
	DETAILS OF WRITE-INS		
0901.	Securities Lending Income	371,443	371,443
0902.	Miscellaneous Interest Income	600,361	600,361
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	971,804	971,804
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		0

(a) Includes $ 2,598,550 accrual of discount less $ 9,247,723 amortization of premium and less $ 1,140,264 paid for accrued interest on purchases.
(b) Includes $ ________ accrual of discount less $ 6,218 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 $ ________ paid for accrued interest on purchases.
(d) Includes $ ________ for company's occupancy of its own buildings; and excludes $ ________ interest on encumbrances.
(e) Includes $ 572,249 accrual of discount less $ ________ amortization of premium and less $ 8,804 paid for accrued interest on purchases.
(f) Includes $ ________ accrual of discount less $ ________ amortization of premium.
(g) Includes $ ________ investment expenses and $ ________ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ ________ interest on surplus notes and $ ________ interest on capital notes.
(i) Includes $ ________ depreciation on real estate and $ ________ 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	(88,983)		(88,983)	0	
1.1	Bonds exempt from U.S. tax	849,268		849,268	(4,573,566)	
1.2	Other bonds (unaffiliated)	(1,383,020)	(3,025,723)	(4,408,743)	(4,899,921)	(1,831,622)
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	(35,269,015)	(9,131,700)	(44,400,715)	(89,610)	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	36,055,377	(17,746,345)	18,309,032	(89,175,329)	0
2.21	Common stocks of affiliates	0	0	0	447,640	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(208)	(3,709,672)	(3,709,880)		
7.	Derivative instruments			0		
8.	Other invested assets	28,448	0	28,448	202	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	(17,651)	0
10.	Total capital gains (losses)	191,867	(33,613,440)	(33,421,573)	(98,308,235)	(1,831,622)
	DETAILS OF WRITE-INS					
0901.	Other			0		
0902.	Foreign Exchange	0		0	(17,651)	0
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0	0	(17,651)	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule-E Part 1), cash equivalents (Schedule-E Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)	0	0	0
12. Investment income due and accrued	22,725	0	(22,725)
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	6,819,256	8,810,593	1,991,337
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	373,751	385,555	11,804
13.3 Accrued retrospective premiums	59,677	52,065	(7,612)
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset	32,227,391	105,216	(32,122,175)
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software	0	0	0
19. Furniture and equipment, including health care delivery assets	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable	0	0	0
23. Aggregate write-ins for other than invested assets	110,429	98,644	(11,785)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	39,613,229	9,452,073	(30,161,156)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	39,613,229	9,452,073	(30,161,156)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Expenses	10,098	10,098	0
2302. Other Assets	10,401		(10,401)
2303. Miscellaneous Accounts Receivable	89,930	88,546	(1,384)
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	110,429	98,644	(11,785)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of General Insurance Company of America (the Company) have been prepared on the basis of accounting practices prescribed or permitted by the Washington Insurance Department.

The state of Washington requires insurance companies domiciled in the state of Washington to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the Washington Insurance Department.

There are no differences between Washington prescribed or permitted practices and NAIC statutory accounting practices that resulted in a difference for the Company.

B. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amount reported in these financial statements and notes. Actual results could differ from those estimates.

C. Accounting Policies

Insurance premiums are included in income as they are earned over the term of the respective insurance 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 for direct and assumed business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, such as sales commission, are charged to operations as incurred. Expenses are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded on the date of record. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include write-downs for impairments considered to be other-than-temporary.

In addition, the Company uses the following accounting policies:

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

2. Bonds that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) are stated at cost or amortized cost; all other bonds are stated at the lower of amortized cost or fair value. The fair values of investments in bonds are based on quoted market prices by third-party organizations when available or NAIC investment values. NAIC investment values are determined using the *Valuations of Securities* manual published by the NAIC Securities Valuation Office (SVO). For bonds not actively traded, fair values are estimated using values obtained from independent pricing services, or in the case of private placements, are estimated by discounting the expected future cash flows using current market rates applicable to the coupon rate, credit, and maturity of the investments. Amortization of bond premium and discount is calculated using the effective-yield method. The retrospective-adjustment method is used to value all mortgage-backed and asset-backed securities. Using this method, anticipated prepayments are considered when determining the amortization of discount or premium for loan-backed bonds. Prepayment assumptions are obtained from dealer survey values or internal estimates and are consistent with the current interest rate and economic environment.

3. Unaffiliated common stocks are stated at fair value and the related net unrealized capital gains (losses) are reported in unassigned surplus along with an adjustment for federal income taxes. Fair values of investments in common stocks are based on quoted market prices by third-party organizations when available or NAIC investment values. For stocks that are not actively traded, estimated fair values are based on values of issues with comparable yield and quality.

   The stock in the Company's insurance subsidiaries is carried at their underlying statutory equity, adjusted for any unamortized goodwill, in accordance with SSAP No. 97 (SSAP No. 97), *Investments in Subsidiary, Controlled and Affiliated Entities*, a replacement of SSAP No. 88.

4. Highest quality and high-quality redeemable preferred stocks (NAIC designations RP1 and RP2) which have characteristics of debt securities are valued at cost or amortized cost. All other redeemable preferred stocks (NAIC designations RP3 to RP6) are reported at the lower of cost, amortized cost or fair value.

   Highest quality and high-quality perpetual preferred stocks (NAIC designations P1 and P2), which have characteristics of equity securities, are stated at fair value. All other perpetual preferred stocks (NAIC designations P3 to P6) are reported at the lower of cost or fair value. Fair values of investments in preferred stocks are based on quoted market prices by third-party organizations when available or NAIC investment values. For stocks that are not actively traded, estimated fair values are based on values of issues with comparable yield and quality.

5. Mortgage Loans

   The Company does not have any investments in mortgage loans.

NOTES TO FINANCIAL STATEMENTS

6. Loan-backed securities are valued and reported in accordance with SSAP 43 and the NAIC SVO *Purposes and Procedures Manual*, and according to the designation assigned by the NAIC SVO. Loan-backed securities designated highest quality and high quality (NAIC designations 1 and 2, respectively) are reported at amortized cost; loan-backed securities that are designated medium quality, low quality, lowest quality or in or near default (NAIC designations 3 to 6 respectively) are reported at the lower of amortized cost or fair value.

7. The Company records its affiliate Safeco Insurance Company of Indiana on the equity basis as described in Part 8, Section 3(b) of the Securities Valuation Handbook, and in accordance with SSAP No. 97.

8. Investments in joint ventures and partnerships and limited liability companies are stated at their underlying audited GAAP equity value in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO manual.

9. Derivatives

   The Company does not have any investments in derivatives.

10. Premium Deficiency Reserve

    The Company anticipates investment income when evaluating the need for a premium deficiency reserve, in accordance with SSAP No. 53, *Property Casualty Contracts Premiums.*

11. Method of establishing loss and LAE reserves

    Unpaid loss 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, estimates and judgments. While we believe the amount is reasonable, the ultimate liability is uncertain and may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. In September 2008, the Company and its affiliated property and casualty companies changed the reserve methodology and began discounting workers' compensation reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers' compensation claims. See Note 31 for detail.

    Asbestos:

    Estimating loss reserves for asbestos claims requires more judgment than for our other lines of business. This is primarily because past claim experience may not be representative of future claims.

    Several factors make it difficult to predict future asbestos claim payments. They include:

    - Insufficient data
    - Inherent risk of major litigation
    - Diverging legal interpretations
    - Regulatory actions
    - Legislative actions
    - Increases in bankruptcy proceedings
    - Non-impaired claimants being allowed to make claims
    - Efforts by insureds to seek coverage interpretation not subject to aggregate limits.

    Changes in these factors could result in future asbestos claims payments that are significantly different from those currently predicted.

    In estimating our loss reserves for asbestos claims, we:

    - Consider applicable law and coverage litigation
    - Analyze claim statistics and trends
    - Review industry information to test the reasonableness of our reserves
    - Do not consider ongoing Congressional reform efforts.

    Some asbestos-related claims are subject to non-product liability coverage rather than product liability coverage. Non-product liability coverage may not be subject to policy aggregate limits, resulting in higher asbestos claims payments and related expenses.

    Environmental and Other Toxic Tort Claims:

    The volatility of actuarial estimates of liabilities for environmental and other toxic tort claims is often greater than that of other exposures. This is due to several factors including:

    - Insufficient data
    - Changes in the number and types of defendants involved with these claims
    - Unresolved legal issues including existence of coverage, definition of ultimate damages and final allocation of damages due from the financially responsible parties.

NOTES TO FINANCIAL STATEMENTS

In light of these factors, we estimate loss reserves for environmental and other toxic tort claims including consideration of:

- Claim statistics and trends
- Directional trends in survival ratios
- Applicable law and coverage litigation
- Industry information.

12. Capitalization Policy

The Company has a written capitalization policy for purchases of items such as electronic data processing equipment, software, furniture, vehicles, other equipment, and leasehold improvements. The capitalization thresholds under this policy have not changed from those of the prior year.

13. Pharmaceutical Rebate Receivables

The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

In September 2008, the Company changed its reserve methodology and began discounting its workers' compensation reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers' compensation claims. See Note 31 regarding Discounting of Liabilities for Unpaid Losses. The cumulative effect of this change in reserve method was recorded in 2008 as an increase in unassigned funds (surplus) of $7,325,000. The impact of this change was an increase in 2008 unassigned funds (surplus) of $7,325,000, a reduction in the reserve for unpaid losses of $11,270,000 and a decrease in the federal income tax recoverable of 3,945,000.

3. Business Combinations and Goodwill

A. Statutory purchase method

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

B. Statutory mergers

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

C. Impairment loss

Not Applicable

4. Discontinued Operations

The Company had no discontinued operations to report.

5. Investments

A. Mortgage loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

The Company has no reverse mortgages

D. Loan-backed securities

1. Amortization of bond premium and discount is calculated using the effective-yield method. The retrospective-adjustment method is used to value all mortgage-backed and asset-backed securities. Using this method, anticipated prepayments are considered when determining the amortization of discount or premium for loan-backed securities.

2. Prepayment assumptions are obtained from dealer survey values or internal estimates and are consistent with the current interest rate and economic environment.

3. The Company had no negative yield situations requiring a change from the retrospective to the prospective method.

E. Repurchase Agreements

The Company did not enter into any repurchase agreements during the year.

NOTES TO FINANCIAL STATEMENTS

F. Real estate impairments and retail land sales

1. The Company did not recognize an impairment loss on real estate.
2. The Company did not sell or reclassify any real estate during 2008.
3. The Company has not experienced a change to a plan of sale for an investment in real estate.
4. The Company does not have a retail land sales operation.

G. Low Income Housing Tax Credits

The Company does not hold any low income housing tax credit property investments.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for those greater than 10% of admitted assets

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

B. Write downs for impairments

The Company did not recognize any impairment write-down for its investments in joint ventures, partnerships or limited liability companies.

7. Investment Income

A. Accrued Investment Income

The Company did not have any securities in default and; therefore, did not exclude any investment income due and accrued.

The Company does not admit investment income for amounts that are over 90 days past due.

B. Amounts excluded

As of December 31, 2008, the Company excluded $36,667 of investment income due and accrued related to securities in default.

As of December 31, 2008, the Company non-admitted $22,725 of investment income due and accrued over 90 days past due.

8. Derivative Instruments

The Company does not own any derivative instruments.

9. Federal Income Tax Allocation

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

	December 31, 2008	December 31, 2007	Change
Total of gross deferred tax assets	89,598,051	95,950,789	(6,352,738)
Total of deferred tax liabilities	(6,172,708)	(41,289,113)	35,116,405
Net deferred tax asset (liability)	83,425,343	54,661,676	28,763,667
Net deferred tax asset non-admitted	(32,227,391)	(105,215)	(32,122,176)
Net admitted deferred tax asset (liability)	**51,197,952**	**54,556,461**	**(3,358,509)**

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

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

	2008	2007
Federal tax on operations	20,532,445	42,250,530
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	20,532,445	42,250,530
Tax on capital gains	(7,707,977)	9,085,262
Total income tax incurred	12,824,468	51,335,792

NOTES TO FINANCIAL STATEMENTS

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

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

	2008
Change in net deferred income tax (without unrealized gain or loss)	(5,643,389)
Tax effect of unrealized (gains) losses	34,407,056
Total change in net deferred income tax	28,763,667

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, proration, Section 280G payments, excludible dividend income, revisions to prior year estimates, and changes in deferred taxes related to non-admitted assets.

E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is $13,454,432 from the current year and $53,550,185 from the preceding year.

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

The Company has no foreign tax credit.

F. The Company's federal income tax return for the period January 1, 2008 through September 22, 2008 will be consolidated with the following entities:

Safeco Corporation
Safeco Insurance Company of America
General Insurance Company of America
First National Insurance Company of America
Safeco National Insurance Company
Safeco Insurance Company of Illinois
Safeco Lloyds Insurance Company
Safeco Surplus Lines Insurance Company
Safeco Insurance Company of Indiana
American States Insurance Company
American Economy Insurance Company
American States Preferred Insurance Company
Insurance Company of Illinois
American States Lloyds Insurance Company
American States Insurance Company of Texas
Safeco Insurance Company of Oregon
Emerald City Insurance Agency, Inc.
Safeco Properties, Inc.
Winmar Company, Inc.
Safecare Company, Inc.
SCIT, Inc.
Winmar of the Desert, Inc.
Winmar Metro, Inc.
Winmar Oregon, Inc.
S.C. Bellevue, Inc.
Capital Court Corporation
General America Corporation
General America Corporation of Texas
F.B. Beattie & Company, Inc.
Barrier Ridge LLC
Commercial Aviation Insurance Inc.,-PA
Pilot Insurance Services, Inc.
Safeco General Agency, Inc.
Open Seas Solutions, Inc.
Rianoc Research Corporation

NOTES TO FINANCIAL STATEMENTS

As a result of the acquisition by Liberty Mutual Group, the Company's Federal income tax return for the period September 23, 2008 through December 31, 2008 will be consolidated with the following entities:

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

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

NOTES TO FINANCIAL STATEMENTS

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.

10. Information Concerning Parent, Subsidiaries, and Affiliates

A. The Nature of the Relationship Involved

The Company is a wholly owned subsidiary of Safeco Corporation, a company incorporated in Washington.

Effective September 22, 2008, LIH US P&C Corporation, a downstream non-insurance holding company indirectly owned by Liberty Mutual Insurance Company and certain affiliates, acquired all outstanding shares of common stock of Safeco Corporation (“Safeco”), for $68.25 per share in cash, at an aggregate purchase price of approximately $6.2 billion.

B. Detail of Transactions Greater than ½ of 1 percent of Admitted Assets

1. The Company distributed dividends to Safeco Corporation totaling $123,000,000 in 2008. The transactions were as follows:

   - On February 5, 2008, the Company declared dividends in the amount of $70,000,000 which were paid on March 14, 2008.
   - On May 19, 2008, the Company declared dividends in the amount of $20,000,000 which were paid on June 16, 2008.
   - On July 28, 2008, the Company declared dividends in the amount of $33,000,000 which were paid on September 15, 2008.

2. The Company issued the following material loans to Safeco Insurance Company of America in 2008.

   - On January 31, 2008, the Company loaned overnight invested funds in the amount of $33,960,000.
   - On July 31, 2008, the Company loaned overnight invested funds in the amount of $38,585,000.
   - On August 31, 2008, the Company loaned overnight invested funds in the amount of $38,910,000.
   - On September 30, 2008, the Company loaned overnight invested funds in the amount of $14,845,000.
   - On October 31, 2008, the Company loaned $13,625,000. The loan settled on November 18, 2008.
   - On October 31, 2008, the Company loaned overnight invested funds in the amount of $13,505,000.

3. The Company issued the following material loans to affiliate, Safeco Corporation in 2008.

   - On February 19, 2008, the Company loaned $15,010,000. The loan settled on March 14, 2008.

C. Change in Terms of Intercompany Arrangements

Other than those reported in Note 10F, there have been no material changes related to intercompany arrangements. In 2008, there have been no material transactions, except those reported in Note 10B and those related to the intercompany pooling agreement described in Note 10D and Note 25.

D. Amounts Due to or from Related Parties

	Due (To) From 12/31/2008	Due (To) From 12/31/2007
Intercompany Reinsurance Offset	($17,429,790)	($16,398,499)
Intercompany Expense Sharing	$15,768,380	$35,719,376
Overnight Invested Funds	$4,705,000	$41,570,000

E. Guarantees or Contingencies for Related Parties

The Company has no guarantees or undertakings for the benefit of any affiliate which result in material contingent exposure of the Company’s assets.

F. Management or Service Contracts and Cost Sharing Arrangements

1. Prior to September 22, 2008, the Company participated in an intercompany tax sharing agreement described in Note 9 of the 2007 Annual Statement. Subsidiaries of Liberty Mutual Holding Company Inc. (LMHC) are parties to a consolidated tax allocation agreement pursuant to which they join in the filing of LMHC's consolidated U.S. federal income tax return. Effective September 22, 2008, Amendment No. 4 to the Federal Tax Sharing Agreement added Safeco Group to the Federal Tax Sharing Agreement.

2. Liberty Mutual Investment Advisors LLC (LMIA) and Liberty Mutual Insurance Company (LMIC) are members of Liberty Mutual Group and each provide investment management services to affiliates. Effective September 22, 2008, General Insurance Company of America entered into Investment Management Agreements with LMIA and LMIC, respectively. The Investment Management Agreements specify the services to be performed by LMIA and LMIC, the authority granted to LMIA and LMIC, the investment policy and guidelines, and the compensation to be paid. The Investment Management Agreements also contain customary provisions on termination, amendment, choice of law, and assignment. Investment fees payable to LMIC totaled $ 162,682 as of December 31, 2008.

NOTES TO FINANCIAL STATEMENTS

3. LMIA provides short-term investment and cost management services. The purpose of the Cash Management Agreement is to achieve an efficient and cost-effective way for General Insurance Company of America to obtain short-term investment and cost management services. The Cash Management Agreement, effective September 22, 2008, specifies the services to be performed by LMIA, the authority granted to LMIA and contains customary provisions on termination, amendment, choice of law, and assignment.

G. Nature of Relationships that Could Affect Operations

The Company participates in an intercompany pooling agreement with its affiliates, as described in Note 25, whereby it retains 23% of the net premiums, losses and associated assets and liabilities of the Safeco Insurance Companies. The operating results or financial position of the Company could be significantly different from those results reported in these statements if it operated without the intercompany pooling agreement. The intercompany pooling agreement was terminated effective January 1, 2009. Effective January 1, 2009, the existing Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement was amended to add the Company as a party to the agreement. The Company's participation percentage in the PIC agreement is 9.2%.

H. Amount Deducted for Investment in Upstream Company

The Company does not own any shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

The Company does not have an investment in a subsidiary, controlled or affiliated company that exceeds 10% of admitted assets.

J. Write-down for Impairments of Investments in Subsidiary, Controlled and Affiliated Companies

The Company did not recognize an impairment write-down for its investment in a subsidiary, controlled or affiliated company.

K. Investment in a foreign insurance subsidiary

The Company does not have an investment in a foreign insurance subsidiary.

L. Investment in Downstream Holding Company

The Company does not have an investment in a downstream holding company.

11. Debt

The Company does not have any capital notes or debt outstanding as of December 31, 2008 and 2007.

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

A. Defined Benefit Plans

Safeco Corporation (Parent) sponsors the defined benefit plan listed in Note 12D. The Company has no direct legal liability under these plans. As a result of the acquisition of Safeco Corporation by LIH US P&C Corporation, a downstream non-insurance holding company indirectly owned by Liberty Mutual Insurance Company and certain affiliates (Liberty Mutual), the Company employees will be participating in the Liberty Mutual Retirement Benefit Plan beginning on January 1, 2009.

B. Defined Contribution Plans

Safeco Corporation (Parent) sponsors the defined contribution plans listed in Note 12D. The Company has no direct legal liability under these plans. As a result of the acquisition of Safeco Corporation by Liberty Mutual, the plans will be merged into the Liberty Mutual Employees' Thrift-Incentive Plan in 2009 or soon thereafter. The Company employees will be participating in the Liberty Mutual Employees' Thrift-Incentive Plan effective January 1, 2009.

C. Multiemployer Plans

Not Applicable

NOTES TO FINANCIAL STATEMENTS

D. Consolidated/Holding Company Plans

The Parent sponsors a cash balance defined benefit pension plan covering a wide range of Company employees. Benefit accruals in the plan consist of pay credits, based on each eligible participant's compensation, plus a stipulated rate of return on their benefit balance. Pay credits were provided for the years 1989 through 2007 and ceased effective January 1, 2008. The Parent terminated the cash balance plan effective December 31, 2008 and will distribute plan assets to eligible participants as soon as administratively practicable. The distribution of assets is expected to occur within 2 to 3 years after the November 2008 filing of a request for approval of the plan termination with applicable regulators. The Parent's funding policy is to contribute amounts at least sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act (ERISA) that can be deducted for federal income tax purposes. Pension costs are subject to the intercompany pooling agreement described in Note 25 and are charged to the Company based on a percentage of payroll. These costs amounted to $604,000 and $11,141,000 in 2008 and 2007, respectively. In 2008, an additional minimum liability of $6,810,381 was recognized in accordance with SSAP 89 and is reported as a component of unassigned funds(surplus). The 2007 costs included a one-time recognition of liabilities for the vesting and plan freeze changes adopted in 2007. In 2007, the prepaid cash balance plan, which was reported as a non-admitted asset, was decreased by $33,759,000, which included a one-time curtailment loss of $25,000,000. The Company has no legal obligation for benefits under this plan.

The Parent sponsors a defined contribution plan covering a wide range of Company employees. The plan includes a minimum contribution of 3% of each eligible participant's compensation and a matching contribution of 66.6% of a participant's contributions, up to 6% of eligible compensation. Effective January 1, 2008, the Company increased the match to 100% of employee contributions up to 6% of base annual salary and all employees are immediately vested and eligible to participate in the program. The Parent made contributions to the plan semi-monthly. Expense for this plan is subject to the intercompany pooling agreement described in Note 25 and is charged to the Company based on a percentage of payroll, these amounted to $10,236,000 and $7,989,000 in 2008 and 2007, respectively.

The Parent sponsors a postretirement healthcare and life insurance program ("OPRB") covering retired and certain active employees, their beneficiaries and eligible dependents. During 2003, the OPRB was amended to eliminate the future benefit of a significant number of employees, resulting in a gradual reduction of OPRB liabilities previously recognized. The OPRB does not provide for benefits available from Medicare Part D, a prescription drug benefit provided by the Medicare Prescription Drug Improvement and Modernization Act. The Parent makes contributions to this program as claims are incurred. OPRB expense (income) is subject to the intercompany pooling agreement described in Note 25 and is charged to the Company based on a percentage of payroll, amounted to $(18,317,000) and $(292,000) in 2008 and 2007, respectively. The Company has no legal obligation for benefits under this plan. As a result of the acquisition of Safeco Corporation by Liberty Mutual, the OPRB plan was terminated effective December 31, 2008. The Company employees will be participating in the Liberty Mutual healthcare and life insurance program effective January 1, 2009.

The Parent sponsors an unfunded deferred compensation plan for certain executives. Amounts deferred are credited with earnings based on measurement funds selected by the executive. The Parent makes payments from this plan when the executive terminates or retires, whichever is earlier. Expense (income) for this plan is subject to the intercompany pooling agreement described in Note 25 and is charged to the Company based on a percentage of payroll, amounted to $(645,000) and $305,000 in 2008 and 2007, respectively. The Company has no legal obligation for benefits under this plan.

E. Postemployment Benefits and Compensated Absences

The Company has accrued liabilities for earned but unused vacation and costs expected in connection with its obligation to provide COBRA benefits to eligible participants for a specified period after termination of employment.

F. Impact of Medicare Modernization Act on Post Retirement Benefits

There is no impact of the Medicare Modernization Act on the Company's financial statements.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. Outstanding shares

The Company has 20,000 shares of $250.00 par value common stock authorized and 20,000 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

2. Dividend rate of preferred stock

Not Applicable

3. Dividend restrictions and amount of ordinary dividends that may be paid

The Company is restricted by the State of Washington as to the amount of dividends it may pay in any consecutive twelve-month period without prior regulatory approval. That restriction is the greater of statutory net income or 10% of policyholder surplus for the previous year, subject to the availability of accumulated undistributed earnings.

NOTES TO FINANCIAL STATEMENTS

4. Dividend Payments

All dividends declared and paid during 2008 were approved by the state of domicile where required. Ordinary and Extraordinary dividends declared and paid during the year are as follows:

Date Declared	Date Paid	Amount Paid	Ordinary	Extraordinary
02/05/2008	03/14/2008	$ 70,000,000		X
05/19/2008	06/16/2008	$ 20,000,000		X
07/28/2008	09/15/2008	$ 33,000,000	X	

5. Portion of the Company's profits that may be paid as ordinary dividends to stockholders

The Company may pay up to $74,041,694 in the aggregate in 2009 without prior regulatory approval.

6. Restrictions on unassigned funds

There were no restrictions placed on the Company's surplus.

7. Mutual surplus advances

The Company had no advances to surplus.

8. Company stock held for special purposes

The Company does not hold stock for special purposes.

9. Changes in special surplus funds

The Company does not hold special surplus funds.

10. Change in unassigned funds (surplus) from cumulative unrealized gains and losses

Unassigned funds (surplus) was decreased by $41,587,127 of cumulative unrealized capital losses.

11. Surplus notes

The Company does not have surplus notes.

12.-13. Impact and date of quasi-reorganizations

The Company did not have any quasi-reorganizations.

14. Contingencies

A. Contingent commitments

1. The Company has purchased annuities from life insurers under structured settlements in which the claimants are payees (see Note 26A). In cases where the Company is contingently liable if the issuers of these annuities fail to perform under the terms of the annuities, the Company does not reduce its unpaid losses.

2. As of December 31, 2008, the Company has no remaining commitments to invest in partnerships and limited liability companies.

3. The Company has no guarantees or undertakings for the benefit of any affiliate which result in material contingent exposure of the Company's assets, as indicated in Note 10E.

B. Guaranty fund and other assessments

1. The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies as they become known to the Company and if they are material. Other assessments are accrued at the time of assessment, or, in the case of loss based assessments, at the time the losses are incurred. As of December 31, 2008, the Company has accrued a liability for guaranty fund and other assessments of $2,628,988 and a related premium tax benefit asset of $1,791,804. The amounts represent management's best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

2. In 2008, Safeco Insurance Company of America and its affiliated property and casualty insurance companies became a participating insurer of the California Earthquake Authority ("CEA"), a publicly-managed, privately-funded organization that provides residential earthquake insurance in California. California requires insurers selling homeowners insurance in their state to offer earthquake insurance either through their company or by participation in the CEA. The Company's exposure to potential losses from California earthquakes is limited through participation in the CEA.

NOTES TO FINANCIAL STATEMENTS

As a new participating insurer of the CEA, the CEA assessed the Company and its affiliates an initial capital contribution of $46,500,000 based on the Company's and its affiliates' combined share of the market for CEA residential earthquake insurance. The initial assessment will be paid by the Company and its affiliates in twelve equal monthly installments beginning in December 2008. The assessment is subject to the intercompany pooling agreement described in Note 25 and was expensed by the Company and its affiliated property and casualty insurance companies in 2008 based on the applicable participation percentages. The Company's share of the initial CEA assessment expense was $10,695,000. The first installment payment was made in December 2008 and the remaining installments will be paid in 2009.

The Company and its affiliates are also subject to future additional assessments by the CEA if the capital of the CEA falls below $350 million. If losses arising from an earthquake cause a deficit in the CEA, then the CEA would obtain additional funding through reinsurance proceeds and assessments on participating insurers. Future assessments on participating CEA insurers are based on their CEA insurance market share as of December 31 of the preceding year. As a new participating insurer, the Company and its affiliates are also subject to a potential risk capital surcharge in addition to the initial capital contribution and additional assessments. New participating insurers may be required to pay the CEA up to five annual risk capital surcharges. The risk capital surcharge would be equal to the CEA's increased cost of providing capacity to insure the new participating insurer's excess earthquake insurance risk. The risk capital surcharge will be calculated twelve months after the date the participating insurer first placed or renewed into the authority earthquake insurance policies. Although the Company is subject to future assessments by the CEA, the Company believes that its participation in the CEA has significantly reduced the Company's exposure to earthquake losses in California. The Company does not believe that any future CEA assessment or risk capital surcharge would be material to the financial position of the Company.

C. Gain contingencies

Not Applicable

D. Extra Contractual Obligation and Bad Faith Losses

The Company did not pay to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits in the reporting period.

E. All Other Contingencies

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

Net realized capital losses include bond impairments of $7,437,508, preferred stock impairments of $9,131,700 and common stock impairments of $17,746,342 for investments that have experienced an other-than-temporary decline in value.

15. Leases

The Company is not involved in material lease obligations.

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

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

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 has a securities lending agreement with Bank of New York Mellon (BNY). The loaned securities remain in exclusive control of the Company. The collateral provided by the transferee is in the form of cash and represents a minimum of 102 percent of the fair value of the loaned securities. If at any time the fair value of the collateral is less than 100 percent of the fair value of the loaned securities, the transferee shall be obligated to deliver additional collateral, the fair value of which, together with the fair value of all the collateral equals at least 102 percent of the value of the loaned securities. The collateral cash is restricted and is not available for the general use by the Company.

At the Company's request, on December 19, 2008 all loaned securities under the BNY agreement were returned to the Company. The Company purchased the related collateral assets from BNY on December 19, 2008 at a price which represented BNY's cost. As of December 31, 2008, there were no securities loaned to others and no collateral held by either the Company or BNY under the terms of the BNY agreement.

NOTES TO FINANCIAL STATEMENTS

On December 22, 2008, the existing securities lending agreement between Liberty Mutual Insurance Company, Inc. and JPMorgan Chase Bank, N.A. was amended to add the Company as a new lender under the agreement. The Company participates in this new Securities Lending Program to generate additional income, whereby certain fixed income 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. Under the terms of the new agreement, 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, Agency or U.S. Government securities. The fair value of the loaned securities is monitored and additional collateral is obtained if the fair value of the collateral falls below 102% of the fair value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as a 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. As of December 31, 2008, there were no securities loaned to others and no cash collateral held by the Company under the terms of the new agreement with JP Morgan Chase Bank, N.A.

C. Wash sales

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

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative services only (ASO) plans

Not Applicable

B. Administrative services contract (ASC) plans

In 2008, Safeco Insurance Company of America and its affiliated property and casualty insurance companies agreed to become a participating insurer of the California Earthquake Authority ("CEA"), a publicly-managed, privately-funded organization that provides residential earthquake insurance in California. As a participating insurer of the CEA, Safeco and its affiliates act as a third party administrator and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the Company for commissions and claims paid on behalf of the CEA. The Company also receives an administrative fee equal to 3% of premium and 9% of claims paid. In 2008, the Company recorded CEA administrative fees of $15,158.

C. Medicare or similarly structured cost based reimbursement contracts

Not Applicable

19. Direct Premium Written or Produced by Managing General Agents/Third Party Administrators

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

20. Other Items

A. Extraordinary items

The Company has no extraordinary items to report.

B. Troubled debt restructuring for debtors

Not Applicable

C. Other disclosures

Assets in the amount of $81,502,000 at December 31, 2008 were on deposit with government authorities or trustees as required by law. There were no assets held at December 31, 2008 that were maintained as compensating balances or pledged as collateral for bank loans and other financing agreements.

In 2007, the Company and Safeco Insurance Company of America made non-revocable, non-refundable contributions to the Safeco Insurance Foundation of highly appreciated marketable equity securities. The securities contributed by the Company in 2007 had a fair value of $33,500,000 and a book value of $1,156,000. Expenses for these contributions are subject to the intercompany pooling agreement described in Note 25. Contribution expense allocated to the Company amounted to $13,800,000 in 2007. The Company made no contribution to the Safeco Insurance Foundation in 2008.

As a result of the acquisition by LIH US P&C Corporation, the Company incurred $1,983,000 in stock-based compensation expense in 2008 due to the acceleration of the vesting provisions contained in stock-based compensation plans.

The acquisition by LIH US P&C Corporation, in combination with certain actions taken after the acquisition, resulted in triggering the change in control agreements for certain senior members of management. As a result, the Company expensed $8,980,000 for payments related to the change in control agreements.

NOTES TO FINANCIAL STATEMENTS

In addition to the above expenses, the Company expensed $12,253,000 in 2008 related to relocation, retention, severance, lease terminations, contract buyouts and other expenses as a result of the acquisition.

The following represents net unpaid loss and loss expense reserves, as reported in columns 13-24 of Schedule P-Part 1, for accident years 1998, 1997, 1996, 1995, 1994 and prior, for each line of business reported in the Company's 2008 Schedule P ($000 omitted).

LOSS + LAE RESERVES - GROSS of SSD ($000's)

	PART A	PART B	PART C	PART D	PART E	PART F1	PART F2
	HO/FARM	P AUTO	C AUTO	WC	CMP	MM-Occ	MM-cm
PRIOR	157	2,933	1,090	38,789	21,020	0	0
Dec-94	10	28	15	4,361	1,298	0	0
Dec-95	50	20	22	4,827	1,054	0	0
Dec-96	146	60	35	3,524	1,518	0	0
Dec-97	25	120	46	5,845	1,596	7	0
Dec-98	173	287	264	9,950	1,959	8	0
TOTAL	560	3,447	1,473	67,296	28,445	15	0

SALVAGE/SUBROGATION/DEDUCTIBLE RESERVES ($000's)

	PART A	PART B	PART C	PART D	PART E	PART F1	PART F2
	HO/FARM	P AUTO	C AUTO	WC	CMP	MM-Occ	MM-cm
PRIOR	0	0	0	(1,013)	(2)	0	0
Dec-94	0	0	0	(42)	0	0	0
Dec-95	0	0	0	(307)	0	0	0
Dec-96	0	0	0	(171)	0	0	0
Dec-97	0	0	0	(136)	0	(0)	0
Dec-98	6	5	0	(151)	0	(0)	0
TOTAL	6	5	0	(1,820)	(2)	(0)	0

LOSS + LAE RESERVES - NET of SSD ($000's)

	PART A	PART B	PART C	PART D	PART E	PART F1	PART F2
	HO/FARM	P AUTO	C AUTO	WC	CMP	MM-Occ	MM-cm
PRIOR	157	2,933	1,090	37,776	21,018	0	0
Dec-94	10	28	15	4,320	1,298	0	0
Dec-95	50	20	22	4,520	1,054	0	0
Dec-96	146	60	35	3,353	1,518	0	0
Dec-97	25	120	46	5,709	1,596	7	0
Dec-98	178	293	264	9,799	1,959	8	0
TOTAL	566	3,453	1,473	65,476	28,443	15	0

LOSS + LAE RESERVES - GROSS of SSD ($000's)

	PARTG	PART H1	PART H2	PART I	PART J	PART K	PART L
	SP LIAB	GL-Occ	GL-cm	PROP	A PHYS	SUR	OTH
PRIOR	182	27,853	0	1	84	243	1,732
Dec-94	0	58	29	8	7	1	0
Dec-95	0	187	10	0	17	2	0
Dec-96	0	913	(12)	12	22	75	0
Dec-97	0	723	81	0	27	3	0
Dec-98	33	402	26	250	33	63	0
TOTAL	215	30,135	135	270	191	388	1,732

SALVAGE/SUBROGATION/DEDUCTIBLE RESERVES ($000's)

	PARTG	PART H1	PART H2	PART I	PART J	PART K	PART L
	SP LIAB	GL-Occ	GL-cm	PROP	A PHYS	SUR	OTH
PRIOR	0	(15)	0	0	(1)	(524)	0
Dec-94	0	(0)	0	0	0	(1)	0
Dec-95	0	(0)	0	0	0	(1)	0
Dec-96	0	(1)	0	0	0	(0)	0
Dec-97	0	(0)	0	0	0	(11)	0
Dec-98	0	(0)	(0)	1	12	(47)	0
TOTAL	0	(16)	(0)	1	12	(583)	0

NOTES TO FINANCIAL STATEMENTS

LOSS + LAE RESERVES - NET of SSD ($000's)

	PARTG SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	182	27,838	0	1	83	(280)	1,732
Dec-94	0	58	29	8	7	0	0
Dec-95	0	187	10	0	17	2	0
Dec-96	0	912	(12)	12	22	75	0
Dec-97	0	723	81	0	27	(7)	0
Dec-98	33	401	26	251	45	16	0
TOTAL	215	30,119	135	271	202	(195)	1,732

LOSS + LAE RESERVES - GROSS of SSD ($000's)

	PART N REINS A	PART O REINS B	PART P REINS C	PART R1 PROD-Occ	PART R2 PROD-cm	PART S SUR-FG	TOTAL ALL LINES
PRIOR	0	46,805	0	2,761	0	0	143,651
Dec-94	0	217	0	0	0	0	6,032
Dec-95	0	0	0	5	0	0	6,194
Dec-96	0	0	0	3	0	0	6,295
Dec-97	0	0	0	3	0	0	8,477
Dec-98	0	0	0	236	0	0	13,685
TOTAL	0	47,022	0	3,008	0	0	184,333

SALVAGE/SUBROGATION/DEDUCTIBLE RESERVES ($000's)

	PART N REINS A	PART O REINS B	PART P REINS C	PART R1 PROD-Occ	PART R2 PROD-cm	PART S SUR-FG	TOTAL ALL LINES
PRIOR	0	0	0	0	0	0	(1,555)
Dec-94	0	0	0	0	0	0	(43)
Dec-95	0	0	0	0	0	0	(308)
Dec-96	0	0	0	0	0	0	(171)
Dec-97	0	0	0	0	0	0	(147)
Dec-98	0	0	0	(0)	0	(0)	(175)
TOTAL	0	0	0	(0)	0	(0)	(2,398)

LOSS + LAE RESERVES - NET of SSD ($000's)

	PART N REINS A	PART O REINS B	PART P REINS C	PART R1 PROD-Occ	PART R2 PROD-cm	PART S SUR-FG	TOTAL ALL LINES
PRIOR	0	46,805	0	2,761	0	0	142,096
Dec-94	0	217	0	0	0	0	5,989
Dec-95	0	0	0	5	0	0	5,886
Dec-96	0	0	0	3	0	0	6,124
Dec-97	0	0	0	3	0	0	8,330
Dec-98	0	0	0	236	0	0	13,510
TOTAL	0	47,022	0	3,008	0	0	181,935

D. Uncollectible premiums receivable

At December 31, 2008 and 2007, the Company had admitted assets of $307,478,359 and $327,185,914, respectively in premiums receivable due from policyholders and agents. The Company routinely assesses the collectibility of these receivables. Based on Company experience, the Company estimated the uncollectible premiums receivable and recorded an additional provision in the amount of $3,035,778. At December 31, 2008, the additional provision for uncollectible premiums receivable represents the amount of expected uncollectible premiums in excess of the non-admitted premiums of $7,252,684.

E. Business Interruption Insurance Recoveries

Not Applicable

F. State Transferable Tax Credits

The Company does not hold state transferable tax credits.

NOTES TO FINANCIAL STATEMENTS

G. Hybrid Securities

The following details the hybrid securities held by the Company as of December 31, 2008. The securities are reported on Schedule D – Part 2, Section 1.

CUSIP	Issuer	Description	Book/Adjusted Carry Value
060505DR2	Bank of America	Depository Shares	7,300,000
060505DT8	Bank of America	Depository Shares	3,291,200
48124G104	JP Morgan	Capital Security	4,875,000
929903EF5	Wachovia Corporation	Perpetual Preferred	6,819,200

H. Subprime Mortgage Related Risk

1. The Company uses the following characteristics in determining whether an investment should be classified as subprime: loan size; average FICO score; percent of credit enhancement or subordination, required by rating agencies to obtain a AAA rating; percent of loan-to-value; and the percent of loans with full borrower documentation in terms of income, employment and owner occupancy.

2. Direct exposure through investments in subprime mortgage loans.

   The Company has no mortgage loans.

3. Direct exposure through other investments.

   The Company has subprime exposure through other investments.

	1 Actual Cost	2 Book/Adjusted Carrying Value (excluding interest)	3 Fair Value	4 Other Than Temporary Impairment Losses Recognized
a. Residential mortgage backed securities				
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities	$3,785,108	$3,785,108	$3,471,690	0
e. Equity investment in SCAs				
f. Other assets				
g. Total				

4. Underwriting exposure to the subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

   The Company does not have underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

21. Events Subsequent

Effective December 31 2008, Safeco Corporation's other post-retirement benefits plan was terminated. Effective January 1, 2009, the Company employees will be participating in the Liberty Mutual healthcare and life insurance program. See Note 12 for further disclosures.

Effective January 1, 2009, the Company's intercompany reinsurance pooling agreement was terminated and the Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement was amended to add the Company as a party to the agreement. See Note 25 for further disclosures.

Effective January 1, 2009, the Company was added to the Peerless Insurance Company Services Agreement via Amendment No. 7. The Services Agreement allows for consolidation of services across the Agency Markets Regional Companies insurance companies.

Effective January 1, 2009, the Company entered into Management Services Agreements with Liberty Mutual Insurance Company (LMIC). Other members of the Agency Markets strategic business unit are parties to similar Management Services Agreements with LMIC.

NOTES TO FINANCIAL STATEMENTS

22. Reinsurance

A. Unsecured Reinsurance Recoverables

Safeco Insurance Group (NAIC# 1635) has intercompany reinsurance agreements which provide that Safeco Insurance Company of America assumes all insurance business of the affiliated property and casualty insurance companies included in its combined statutory statement. After arranging for needed reinsurance with third parties, Safeco Insurance Company of America retains 33% and cedes General Insurance Company of America 23%; American States Insurance Company 19%; American Economy Insurance Company 14%; Safeco Insurance Company of Illinois 5%; American States Preferred Insurance Company 2%; First National Insurance Company of America 2%; and Safeco National Insurance Company 2%.

The following insurance companies do not assume any business from Safeco Insurance Company of America: American States Insurance Company of Texas; American State Lloyds Insurance Company; Insurance Company of Illinois; Safeco Insurance Company of Indiana; Safeco Insurance Company of Oregon; Safeco Lloyds Insurance Company; Safeco Surplus Insurance Company.

Assets and liabilities related to insurance underwriting are similarly shared.

The Company has no unsecured reinsurance recoverables with non-affiliated insurers.

Safeco Insurance Group has aggregate unsecured amounts recoverable, which exceed 3% of the Lead Company's policyholder surplus at December 31, 2008 from the following non-affiliated reinsurers:

FEIN	NAIC	Reinsurer	Recoverable
AA-9991159	00000	Michigan Catastrophic Claims Association	86,064,690
13-1675535	25364	Swiss Rein. America Corp.	74,135,462
48-0921045	39845	Westport Insurance Corp.	63,681,087
13-2673100	22039	General Reins. Corp.	45,746,343
13-4924125	10227	Munich Reins. America, Inc.	42,803,731
AA-1122000	00000	Lloyd's of London	38,296,210
AA-9991423	00000	MN Workers Comp. Reins. Assoc.	24,783,627

B. Reinsurance Recoverables in Dispute

The Company had no reinsurance recoverable balances in dispute which individually exceed 5% of surplus or in the aggregate 10% of surplus.

C. Reinsurance Assumed and Ceded

1)		Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
		(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a.	Affiliates	$ 464,501,977	$ 66,965,474	$ 173,281,797	$ 20,661,411	$ 291,220,180	$ 46,304,062
b.	All Other	$ 25,903,249	$ 3,494,552	$ -	$ -	$ 25,903,249	$ 3,494,552
c.	TOTAL	$ 490,405,226	$ 70,460,025	$ 173,281,797	$ 20,661,411	$ 317,123,429	$ 49,798,614

d. Direct Unearned Premium Reserve: $ 147,378,548

2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

		Reinsurance			
		(1) Direct	(2) Assumed	(3) Ceded	(4) Net
a.	Contingent Commission	$ 4,488,699	$ -	$ -	$ 4,488,699
b.	Sliding Scale Adjustments	-	-	-	-
c.	Other Profit Commission Arrangements	-	-	-	-
d.	TOTAL	$ 4,488,699	$ -	$ -	$ 4,488,699

3) The Company does not have protected cells.

D. Uncollectible Reinsurance

There were no uncollectible reinsurances balances written off during the year.

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The Company did not have any commutations recorded in operating results for the year ending December 31, 2008.

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 deposit type reinsurance agreements as of December 31, 2008.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method used to estimate

The Company sells workers compensation policies for which the premiums vary based on loss experience. Future premium adjustments for these retrospective policies are estimated and accrued. The company estimates these accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contracts to arrive at the best estimates of return or additional retrospective premiums.

B. Method used to record

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

C. Amount and percent of net retrospective premiums

Net premiums written for 2008 on retrospective workers compensation policies was $409,575 or 1.4% of total workers compensation net premiums written.

a.	Total accrued retro premium	$ 596,766
b.	Unsecured amount	596,766
c.	Less: Nonadmitted amount (10%)	59,677
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount: a - c - d	$ 537,089

24. Change in Incurred Losses and Loss Adjustment Expenses

In 2008, we reduced our estimates for prior years' loss and LAE reserves by $32.8 million. This total decrease includes loss and defense and cost containment expenses changes as follows:

- $13.1 million reduction in surety reserves reflecting lower-than-expected number of claims.
- $5.0 million reduction in other liability - occurrence driven primarily by favorable development of $3.9 million due to lower-than-expected claim number in construction defect.
- $13.4 million reduction in private passenger auto liability reserves, reflecting decreases in severity estimates primarily in accident years 2005 through 2007.
- $6.8 million reduction in commercial multiple peril reserves. This includes a reduction in construction defect reserves of $2.5 million reflecting lower-than-expected number of claims. The remaining decrease was due to lower-than-expected claim severity in property and liability.
- $3.3 million reduction in other liability – claims-made due to a decrease due to lower-than-expected claim severity.
- $5.0 million increase in commercial auto/truck liability reserves reflecting increases in severity estimates for prior accident years.

The remaining $3.8 million increase was in a number of lines including adjusting and other payments. This increase is due to emerging claim trends and related loss data.

NOTES TO FINANCIAL STATEMENTS

25. Intercompany Pooling Arrangements

A. The Company participates in an intercompany reinsurance agreement which provides that Safeco Insurance Company of America, the lead company, will assume all insurance business of the affiliated property and casualty insurance companies. After arranging for needed reinsurance with unaffiliated third parties, Safeco Insurance Company of America cedes a fixed portion of premiums, losses and insurance expenses to the affiliated property and casualty insurance companies according to the following participation percentages:

		Participation	
	NAIC #	2008	2007
Safeco Insurance Company of America	24740	33%	33%
General Insurance Company of America	24732	23%	23%
First National Insurance Company of America	24724	2%	2%
Safeco National Insurance Company	24759	2%	2%
Safeco Insurance Company of Illinois	39012	5%	5%
American States Insurance Company	19704	19%	19%
American Economy Insurance Company	19690	14%	14%
American States Preferred Insurance Company	39214	2%	2%

The intercompany reinsurance pooling agreement with Safeco Insurance Company of America was terminated effective January 1, 2009.

Effective January 1, 2009, the existing Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement was amended to add the Company as a party to the agreement. The Company's percentage in the PIC pool is 9.20%.

Therefore, effective January 1, 2009, the PIC Amended and Restated Reinsurance Pooling Agreement consisted of the following affiliated companies:

		NAIC Co. #	Pooling %	Lines of Business
Lead Company	Peerless Insurance Company	24198	25.20%	All Lines
Affiliated Pool Companies:	America First Insurance Company	12696	0.00%	All Lines
	America First Lloyd's Insurance Company	11526	0.00%	All Lines
	American Ambassador Casualty Company	10073	0.00%	All Lines
	Colorado Casualty Insurance Company	41785	0.00%	All Lines
	Consolidated Insurance Company	22640	0.00%	All Lines
	Excelsior Insurance Company	11045	0.00%	All Lines
	Globe American Casualty Company	11312	0.00%	All Lines
	Golden Eagle Insurance Corporation	10836	3.00%	All Lines (Except WC)
	Hawkeye-Security Insurance Company	36919	0.00%	All Lines
	Indiana Insurance Company	22659	4.80%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company	14486	0.00%	All Lines
	Mid-American Fire & Casualty Company	23507	0.00%	All Lines
	The Midwestern Indemnity Company	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company	14613	0.00%	All Lines
	The Netherlands Insurance Company	24171	1.80%	All Lines
	Peerless Indemnity Insurance Company	18333	3.00%	All Lines
	National Insurance Association	27944	0.00%	All Lines
	The Ohio Casualty Insurance Company	24074	20.40%	All Lines
	Avomark Insurance Company	10798	0.00%	All Lines
	West American Insurance Company	44393	0.00%	All Lines
	American Fire and Casualty Company	24066	0.60%	All Lines
	Ohio Security Insurance Company	24082	0.00%	All Lines
	Ohio Casualty of New Jersey, Inc.	10937	0.00%	All Lines
	Insurance Company of Illinois (ICI)	26700	0.00%	All Lines
	Safeco Insurance Company of Illinois (SICIL)	39012	2.00%	All Lines
	American Economy Insurance Company (AEIC)	19690	5.60%	All Lines
	American States Insurance Company (ASIC)	19704	7.60%	All Lines
	American States Preferred Insurance Company (ASPIC)	37214	0.80%	All Lines
	Safeco Insurance Company of Indiana (SICIN)	11215	0.00%	All Lines
	Safeco National Insurance Company (SNIC)	24759	0.00%	All Lines
	Safeco Insurance Company of Oregon (SICO)	11071	0.00%	All Lines
	American States Lloyds Insurance Company (ASLIC)	31933	0.00%	All Lines
	Safeco Lloyds Insurance Company (SLIC)	11070	0.00%	All Lines
	First National Insurance Company of America (FNICA)	24724	0.80%	All Lines
	General Insurance Company of America (GICA)	24732	9.20%	All Lines
	Safeco Insurance Company of America (SICA)	24740	15.20%	All Lines
	Safeco Surplus Lines Insurance Company (SSLIC)	11100	0.00%	All Lines
	American States Insurance Company of Texas (ASICT)	19712	0.00%	All Lines
			100.00%	

NOTES TO FINANCIAL STATEMENTS

100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation (LNW)	41939	0.00%	All Lines
	Bridgefield Casualty Insurance Company (BEIC)	10335	0.00%	All Lines
	Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	North Pacific Insurance Company (NPIC)	23892	0.00%	All Lines
	Oregon Automobile Insurance Company (OAIC)	23922	0.00%	All Lines

B. All lines and types of business are subject to the agreement. Assets and liabilities related to insurance underwriting are similarly shared.

C. After cessions to unaffiliated reinsurers are applied, Safeco Insurance Company of America cedes a fixed portion of premiums, losses and insurance expenses to the affiliated property and casualty insurance companies according to the participation percentages detailed in item A above.

D. The lead company and American States Insurance Company are the only affiliates that participate in reinsurance agreements whereby risk is ceded to unaffiliated reinsurers.

E. There are no discrepancies between entries regarding pooled business assumed and ceded reinsurance schedules of the lead company and corresponding entries on the assumed and ceded reinsurance schedules of the other participants.

F. The lead company and American States Insurance Company carry 100% of the Provision for Reinsurance. Any write-offs of uncollectible ceded reinsurance from unaffiliated reinsurers are applied and ceded to the participants in accordance with the provisions of the intercompany reinsurance agreement.

G. The amounts due to/from the lead company, Safeco Insurance Company of America, and all affiliated entities participating in the intercompany pool as of December 31, 2008 were as follows:

Affiliated Company	Amount Due (To) From
General Insurance Company of America	($17,429,790)
American States Insurance Company	($2,754,580)
American Economy Insurance Company	($10,745,596)
Safeco Insurance Company of Illinois	$18,887,925
First National Insurance Company of America	$3,619,799
Safeco National Insurance Company	($1,651,246)
American States Preferred Insurance Company	$359,420
Safeco Lloyds Insurance Company	$1,251,059
Safeco Surplus Lines Insurance Company	($429,770)
Safeco Insurance Company of Oregon	$3,400,374
American States Insurance Company of Texas	$490,271
American States Lloyds Insurance Company	$1,021
Insurance Company of Illinois	($320,781)
Safeco Insurance Company of Indiana	($1,133,837)

26. Structured Settlements

A. Reserves Released due to Purchase of Annuities

The Company has purchased annuities from life insurers under which the claimants are payees. The Company has a contingent liability of $1,089,231 should the issuers of these annuities fail to perform under the terms of the annuities. The contingent liability is equivalent to the reserves set by the life insurer from whom the annuity was purchased. The Company has released all reserves on closed claims where structured settlement was purchased.

B. Annuity insurers with balances due greater than 1% of policyholders' surplus

Not applicable.

27. Health Care Receivables

A. Pharmacy rebates billed, received and accrued for twelve quarters

The Company does not have pharmacy rebates.

B. Risk sharing receivables billed, received and accrued for three years

The Company does not have risk sharing receivables.

28. Participating Accident and Health Policies

The Company does not have participating accident and health policies.

29. Premium Deficiency Reserves

Not Applicable

NOTES TO FINANCIAL STATEMENTS

30. High Deductibles

The Company has a minimal amount of High Deductible policies that have been in run off since 2002. As of December 31, 2008, the amount of reserve credit and any unsecured recoverable was not material to the Company's financial statements.

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

In September 2008, the Company began discounting workers' compensation reserves for unpaid losses using a tabular discount on the estimated long-term annuity portion of certain workers' compensation claims. The financial impact of the change in accounting principle is described in Note 2.

The tabular discount is based on Liberty Mutual experience and Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%.

At December 31, 2008, the liabilities for workers' compensation unpaid losses include $156,104,031 of liabilities carried at a discounted value of $144,834,123 representing a discount of $11,269,908.

A. Tabular discounts

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	(1) Case	(2) IBNR
1. Homeowners/Farmowners		
2. Private Passenger Auto Liability/Medical		
3. Commercial Auto/Truck Liability/Medical		
4. Workers' Compensation		$11,269,908
5. Commercial Multiple Peril		
6. Medical Malpractice - occurrence		
7. Medical Malpractice - claims-made		
8. Special Liability		
9. Other Liability – occurrence		
10. Other Liability - claims-made		
11. Special Property		
12. Auto Physical Damage		
13. Fidelity, Surety		
14. Other (including Credit, Accident & Health)		
15. International		
16. Reinsurance Nonproportional Assumed Property		
17. Reinsurance Nonproportional Assumed Liability		
18. Reinsurance Nonproportional Assumed Financial Lines		
19. Products Liability – occurrence		
20. Products Liability - claims-made		
21. Financial Guaranty/Mortgage Guaranty		
22. Total		

B. Non-tabular discounts

Not Applicable

C. Changes in discount assumptions

Not Applicable

32. Asbestos and Environmental Reserves

The Company has both asbestos and environmental claims exposures. The Company's exposure arises predominantly from general liability policies written prior to 1986. The vast majority of Property and Casualties environmental, asbestos, and other toxic claims resulted from the commercial general liability line of business and the discontinued assumed reinsurance operations of American States.

The Company establishes full case reserves for all reported asbestos and environmental claims. Reserves for losses incurred by not reported (IBNR) include a provision for unreported claims as well as a provision for development of reserves on reported claims. The Company's IBNR reserves are established based on a review of a number of actuarial analyses including reported year average cost models and an examination of survival ratios using company and industry information.

In 2004, the classification of environmental reserves was refined to include only claims involving gradual discharge or leakage of pollutants or contaminants into the environment. These claims involve multiple policy periods and the exact date of occurrence is generally not determinable. These claims typically involve underground storage tanks, official United States EPA sites (Superfund), Clean Water Act allegations, and other exposures prior to the ISO pollution exclusion. The environmental data below has been restated to reflect this revised definition. Reserves related to other toxic torts and other latent bodily injury claims are excluded from the environmental tables below.

NOTES TO FINANCIAL STATEMENTS

The Company's direct asbestos and environmental related loss and loss adjustment expense for each of the most recent five calendar years is presented in the following tables.

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes (X) No ( )

ASBESTOS

A. (1) Direct

	(1) 2004	(2) 2005	(3) 2006	(4) 2007	(5) 2008
a. Beginning reserves	$8,657,802	$14,573,209	$19,766,174	$24,497,663	$24,743,002
b. Incurred Loss and ALAE	7,759,605	6,703,580	6,635,813	3,110,085	5,013,563
c. Calendar payments for Loss and ALAE	1,844,198	1,510,615	1,904,324	2,864,746	3,356,566
d. Ending Reserves:	$14,573,209	$19,766,174	$24,497,663	$24,743,002	$26,399,999

(2) Assumed

	(1) 2004	(2) 2005	(3) 2006	(4) 2007	(5) 2008
a. Beginning reserves	$24,012,839	$24,507,534	$23,047,603	$22,945,204	$27,640,940
b. Incurred Loss and ALAE	2,028,942	(141,220)	1,300,347	6,986,215	(1,309,211)
c. Calendar payments for Loss and ALAE	1,534,247	1,318,711	1,402,746	2,290,479	2,944,308
d. Ending Reserves:	$24,507,534	$23,047,603	$22,945,204	$27,640,940	$23,387,421

(3) Net of Reinsurance

	(1) 2004	(2) 2005	(3) 2006	(4) 2007	(5) 2008
a. Beginning reserves	$28,959,225	$32,618,060	$36,555,790	$39,282,463	$43,345,426
b. Incurred Loss and ALAE	6,812,832	6,580,754	5,891,656	8,245,798	1,362,245
c. Calendar payments for Loss and ALAE	3,153,997	2,643,024	3,164,983	4,182,835	3,745,572
d. Ending Reserves:	$32,618,060	$36,555,790	$39,282,463	$43,345,426	$40,962,099

B. State the amount of ending reserves for Bulk + IBNR included in A (Loss and ALAE):

(1) Direct	$12,550,819
(2) Assumed	$5,919,441
(3) Net of Reinsurance	$15,520,798

C. State the amount of ending reserves for allocated loss adjustment expenses included in A (Case, Bulk + IBNR):

(1) Direct	$9,653,984
(2) Assumed	$815
(3) Net of Reinsurance	$7,781,386

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes (X) No ( )

ENVIRONMENTAL

D. (1) Direct

	(1) 2004	(2) 2005	(3) 2006	(4) 2007	(5) 2008
a. Beginning reserves	$ 24,510,701	$ 25,991,428	$ 29,612,883	$ 28,319,033	$ 23,093,301
b. Incurred Loss and ALAE	4,440,493	6,900,949	1,480,772	65,160	259,310
c. Calendar payments for Loss and ALAE	2,959,766	3,279,494	2,774,622	5,290,892	3,117,627
d. Ending Reserves:	$ 25,991,428	$ 29,612,883	$ 28,319,033	$ 23,093,301	$ 20,234,984

(2) Assumed

	(1) 2004	(2) 2005	(3) 2006	(4) 2007	(5) 2008
a. Beginning reserves	$ 10,881,128	$ 11,544,886	$ 7,651,219	$ 6,893,165	$ 6,761,172
b. Incurred Loss and ALAE	886,270	(3,334,135)	145,111	59,286	172,135
c. Calendar payments for Loss and ALAE	222,512	559,532	903,165	191,279	302,262
d. Ending Reserves:	$ 11,544,886	$ 7,651,219	$ 6,893,165	$ 6,761,172	$ 6,631,045

(3) Net of Reinsurance

	(1) 2004	(2) 2005	(3) 2006	(4) 2007	(5) 2008
a. Beginning reserves	$ 33,593,128	$ 35,569,956	$ 34,245,921	$ 30,910,030	$ 26,813,081
b. Incurred Loss and ALAE	4,586,362	1,679,545	156,598	252,234	291,829
c. Calendar payments for Loss and ALAE	2,609,534	3,003,580	3,492,489	4,349,183	2,129,464
d. Ending Reserves:	$ 35,569,956	$ 34,245,921	$ 30,910,030	$ 26,813,081	$ 24,975,446

E. State the amount of ending reserves for Bulk + IBNR included in D (Loss and ALAE):

(1) Direct	$ 12,700,192
(2) Assumed	$ 4,265,880
(3) Net of Reinsurance	$ 16,521,990

F. State the amount of ending reserves for allocated loss adjustment expenses included in D (Case, Bulk + IBNR):

(1) Direct	$ 9,373,118
(2) Assumed	$ -
(3) Net of Reinsurance	$ 9,140,940

NOTES TO FINANCIAL STATEMENTS

33. Subscriber Savings Accounts

Not Applicable

34. Multiple Peril Crop Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Washington

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/12/2007

3.4 By what department or departments? Washington

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [ ] NA [ ]

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

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

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

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

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

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

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

GENERAL INTERROGATORIES

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, 999 Third Ave Suite 3500, Seattle, WA 98104

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
   Lewis V. Augustine, Vice President & Chief Actuary. Safeco, Safeco Plaza, Seattle, WA 98185

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

11.11 Name of real estate holding company: Multiple

11.12 Number of parcels involved: 7

11.13 Total book/adjusted carrying value: $ 0

11.2 If yes, provide explanation
   Partnerships that generate historic tax credits.

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

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

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

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

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

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

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.

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

GENERAL INTERROGATORIES

FINANCIAL

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

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers $
- 18.12 To stockholders not officers $
- 18.13 Trustees, supreme or grand (Fraternal only) $

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers $
- 18.22 To stockholders not officers $
- 18.23 Trustees, supreme or grand (Fraternal only) $

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

19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others $
- 19.22 Borrowed from others $
- 19.23 Leased from others $
- 19.24 Other $

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

20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment $ 0
- 20.22 Amount paid as expenses $ 0
- 20.23 Other amounts paid $ 0

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

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

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes [X] No [ ]

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

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

The Company had a securities lending agreement with Bank of New York. There were no loaned securities at 12/31/08. The company was added to an existing securities lending agreement with JP Morgan on 12/22/08. No securities were loaned prior to 12/31/08. Details are provided in note 17.

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

22.5 If answer to 22.4 is YES, report amount of collateral $

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

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

23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements $
- 23.22 Subject to reverse repurchase agreements $
- 23.23 Subject to dollar repurchase agreements $
- 23.24 Subject to reverse dollar repurchase agreements $
- 23.25 Pledged as collateral $
- 23.26 Placed under option agreements $
- 23.27 Letter stock or securities restricted as to sale $
- 23.28 On deposit with state or other regulatory body $ 81,501,894
- 23.29 Other $

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

GENERAL INTERROGATORIES

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

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon	700 S Flower St, Ste 200, Los Angeles, CA 90017

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

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

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

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

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

26.05 Identify all investment advisors, brokers/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	2 Address
107105	BlackRock Financial Management	40 East 52nd Street, New York, NY 10022
None	Liberty Mutual Insurance Company	175 Berkeley Street, Boston, MA 02116
None	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116

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

27.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds	1,739,872,567	1,639,367,310	(100,505,257)
28.2 Preferred stocks	34,017,623	33,918,173	(99,450)
28.3 Totals	1,773,890,190	1,673,285,483	(100,604,707)

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

Fair values are based on quoted market prices when available. For securities not actively traded, fair value is estimated based on values obtained from independent pricing services, market prices of comparable instruments, discounted cash flows, and other valuation techniques.

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

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 7,022,046

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

1 Name	2 Amount Paid

31.1 Amount of payments for legal expenses, if any? $ 1,946,210

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

1 Name	2 Amount Paid
Skadden Arps Slate Meagher & Flom LLP	1,181,251

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 239,037

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

1 Name	2 Amount Paid
American Insurance Association	200,425

GENERAL INTERROGATORIES

(continued)

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? $

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 0
2.2	Premium Denominator	$ 1,271,834,736	$ 1,286,157,811
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator	$ 3,457,907	$ 3,812,884
2.5	Reserve Denominator	$ 1,160,963,253	$ 1,655,737,554
2.6	Reserve Ratio (2.4/2.5)	0.003	0.002

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

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

3.21 Participating policies $ 0

3.22 Non-participating policies $ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] NA [X]

5.22 As a direct expense of the exchange Yes [ ] No [ ] NA [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 [ ]

5.5 If yes, give full information

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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 of loss:

The Company purchases a Workers Compensation Excess of Loss reinsurance treaty and a Workers Compensation Catastrophe Reinsurance treaty to protect itself from excessive loss in the event of a catastrophe under a Workers Compensation contract.

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 estimates its catastrophic loss PML by having Aon Risk Services run 3 separate models. The Company receives PML estimates for earthquake (incl fire following and sprinkler leakage), hurricane and tornado/hail. Based on these models, the largest PML would involve a CA earthquake event

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

The Company utilizes catastrophe reinsurance to protect itself from an excessive loss arising from property exposures.

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

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

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

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

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 the risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty–five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

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

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [X] 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 [X] No [ ]

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

11.2 If yes, give full information

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

12.11 Unpaid losses $ 1,108,446

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 40,348

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 16,873

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 [X] NA [ ]

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

12.41 From %

12.42 To %

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 the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No [ ]

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

12.61 Letters of Credit $ 2,506,500

12.62 Collateral and other funds $ 454,211

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 5,000,000

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

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

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

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

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

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 answer to 14.4 is no, please explain:

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

15.2 If yes, give full information

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

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2008	2 2007	3 2006	4 2005	5 2004
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	773,491,159	843,478,819	864,503,788	911,367,081	846,877,846
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	508,013,126	601,552,546	584,301,284	614,424,890	601,428,988
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	379,131,460	423,512,058	417,469,168	430,139,738	442,465,912
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	109,872,047	95,307,263	81,392,216	69,701,627	59,397,628
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,455	254	322	3,292	10,817
6. Total (Line 35)	1,770,510,247	1,963,850,939	1,947,666,778	2,025,636,629	1,950,181,191
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	511,916,829	555,931,468	558,699,927	574,914,663	550,114,258
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	310,584,442	322,922,816	332,769,041	364,074,099	357,202,583
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	302,198,913	332,346,864	324,307,115	333,834,294	344,481,456
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	103,716,469	89,711,882	75,396,760	64,387,927	53,633,874
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	2,455	254	322	3,292	10,817
12. Total (Line 35)	1,228,419,108	1,300,913,285	1,291,173,165	1,337,214,275	1,305,442,989
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	33,878,242	83,535,267	149,543,577	122,030,887	104,889,201
14. Net investment gain (loss) (Line 11)	60,157,872	124,565,428	139,892,810	105,008,208	120,859,170
15. Total other income (Line 15)	2,066,492	4,083,469	(1,258,464)	1,983,453	2,906,847
16. Dividends to policyholders (Line 17)	1,528,468	1,091,252	1,527,200	655,408	492,550
17. Federal and foreign income taxes incurred (Line 19)	20,532,444	42,250,530	60,753,595	57,975,032	79,305,366
18. Net income (Line 20)	74,041,694	168,842,382	225,897,128	170,392,109	148,857,302
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	2,302,042,774	2,432,373,782	2,702,742,949	2,725,413,697	2,455,673,693
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	114,460,712	156,705,443	141,533,937	120,528,103	28,805,109
20.2 Deferred and not yet due (Line 13.2)	192,480,558	170,011,887	189,068,306	220,197,984	226,767,850
20.3 Accrued retrospective premiums (Line 13.3)	537,089	468,585	555,040	551,638	853,772
21. Total liabilities excluding protected cell business (Page 3, Line 24)	1,854,423,971	1,838,026,406	1,826,146,338	1,911,152,939	1,734,644,417
22. Losses (Page 3, Line 1)	891,773,290	878,701,037	867,930,439	906,375,165	899,736,589
23. Loss adjustment expenses (Page 3, Line 3)	207,882,820	209,208,686	221,600,829	222,902,360	208,671,458
24. Unearned premiums (Page 3, Line 9)	464,642,504	507,766,123	492,678,051	495,621,995	495,196,691
25. Capital paid up (Page 3, Lines 28 & 29)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	447,618,803	594,347,376	876,596,611	814,260,758	721,029,276
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	95,069,666	149,637,541	176,130,672	184,464,898	185,251,537
Risk-Based Capital Analysis					
28. Total adjusted capital	447,618,803	594,347,376	876,596,611	814,260,758	721,029,276
29. Authorized control level risk-based capital	105,596,083	113,439,557	113,069,635	113,565,966	110,053,562
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	85.3	81.5	85.0	87.8	86.6
31. Stocks (Lines 2.1 & 2.2)	2.6	17.2	15.0	11.8	12.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.4	0.5
34. Cash, cash equivalents and short-term investments (Line 5)	11.7	1.3	0.0	0.0	0.0
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Receivables for securities (Line 8)	0.3	0.0	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)	0	0	0	0	0
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	13,017,640	12,570,000	12,203,000	11,660,000	11,300,000
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
44. Affiliated mortgage loans on real estate		0	0	0	0
45. All other affiliated		0	0	0	0
46. Total of above Lines 40 to 45	13,017,640	12,570,000	12,203,000	11,660,000	11,300,000
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	2.9	2.1	1.4	1.4	1.6

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2008	2 2007	3 2006	4 2005	5 2004
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	(63,901,178)	(24,712,419)	14,100,953	(10,769,993)	(1,914,424)
49. Dividends to stockholders (Line 35)	(123,000,000)	(425,000,000)	(170,000,000)	(65,000,000)	(59,000,000)
50. Change in surplus as regards policyholders for the year (Line 38)	(146,728,573)	(282,249,235)	62,335,853	93,231,482	97,711,824
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	496,946,725	548,819,203	481,397,364	466,803,322	453,332,086
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	273,704,542	295,269,063	317,398,430	325,412,375	276,957,886
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	255,007,682	190,089,390	172,968,513	173,871,205	172,841,785
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,400,655	(737,546)	3,593,591	18,379,472	(333,815)
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	5,925,868	4,105,764	775,724	3,400,241	3,197,516
56. Total (Line 35)	1,036,985,472	1,037,545,874	976,133,622	987,866,615	905,995,458
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	293,734,129	336,461,323	306,527,933	303,018,490	283,973,997
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	176,639,184	179,099,810	187,491,828	191,289,694	170,615,560
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	201,239,486	154,451,706	147,300,125	144,797,921	152,441,702
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,246,594	(720,454)	5,989,922	15,761,307	5,607,758
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	4,859,322	3,192,809	(115,951)	2,435,855	2,135,097
62. Total (Line 35)	681,718,715	672,485,193	647,193,856	657,303,267	614,774,113
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	55.5	53.1	47.1	49.7	51.0
65. Loss expenses incurred (Line 3)	11.5	9.7	11.4	12.7	12.2
66. Other underwriting expenses incurred (Line 4)	30.3	30.7	30.0	28.6	28.5
67. Net underwriting gain (loss) (Line 8)	2.7	6.5	11.6	9.1	8.2
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.2	30.0	30.1	28.4	27.6
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	67.0	62.9	58.5	62.3	63.2
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	274.4	218.9	147.3	164.2	181.1
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	(35,823)	(33,792)	(32,081)	(23,503)	(15,707)
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	(6.0)	(3.9)	(3.9)	(3.3)	(2.5)
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(51,404)	(70,869)	(29,394)	(29,880)	35,543
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(5.9)	(8.7)	(4.1)	(4.8)	6.4

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
				4	5	6	7	8	9	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	XXX	XXX	XXX	26,933	11,288	6,381	2,851	1,753	0	133	20,928	XXX
2. 1999	1,044,492	37,810	1,006,682	700,942	11,832	45,861	241	83,016	0	36,143	817,746	XXX
3. 2000	1,084,322	37,494	1,046,828	735,349	10,953	44,672	1,251	82,631	0	40,914	850,448	XXX
4. 2001	1,063,574	34,840	1,028,734	681,756	13,705	47,104	1,954	88,388	0	36,219	801,590	XXX
5. 2002	1,068,506	28,611	1,039,895	572,052	7,619	42,311	1,425	91,198	0	39,684	696,518	XXX
6. 2003	1,160,555	33,153	1,127,403	560,252	6,199	35,475	664	95,488	0	38,636	684,352	XXX
7. 2004	1,302,634	30,952	1,271,681	630,468	5,572	34,503	402	97,828	0	53,196	756,823	XXX
8. 2005	1,367,379	30,211	1,337,169	617,048	8,344	29,462	687	98,415	0	47,936	735,894	XXX
9. 2006	1,346,522	52,771	1,293,752	566,514	6,515	18,700	2,258	92,903	0	43,217	669,345	XXX
10. 2007	1,371,916	85,758	1,286,158	527,974	13,106	11,543	1,889	88,294	0	42,701	612,817	XXX
11. 2008	1,327,005	55,170	1,271,835	402,424	6,069	4,343	750	82,924	0	23,755	482,871	XXX
12. Totals	XXX	XXX	XXX	6,021,713	101,202	320,355	14,371	902,837	0	402,535	7,129,332	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding - Direct and Assumed
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	137,046	44,319	66,528	15,612	10,559	1,341	16,808	1,028	13,294	0	2,398	181,935	XXX
2.	10,352	1,082	7,001	1,122	808	0	1,752	(16)	1,477	0	238	19,201	XXX
3.	13,203	2,184	6,991	1,480	728	5	3,363	593	1,648	0	664	21,670	XXX
4.	14,422	1,907	5,902	1,221	1,015	78	3,105	4	1,528	0	706	22,762	XXX
5.	12,486	698	4,883	488	1,283	18	2,930	10	966	0	362	21,335	XXX
6.	10,679	683	4,812	275	1,044	7	3,537	(1)	933	0	1,056	20,039	XXX
7.	14,779	2,423	6,310	9	2,271	1	5,052	(4)	1,039	0	7,691	27,022	XXX
8.	36,378	459	8,828	(384)	3,834	5	7,962	(5)	1,428	0	3,321	58,356	XXX
9.	76,080	1,772	15,912	324	5,977	5	14,257	8	1,836	0	5,361	111,952	XXX
10.	129,940	1,306	48,965	1,309	5,378	0	27,500	244	4,214	0	17,669	213,137	XXX
11.	198,352	3,138	145,969	2,617	2,993	9	40,954	243	19,985	0	40,624	402,246	XXX
12. Totals	653,716	59,971	322,102	24,073	35,891	1,471	127,219	2,104	48,348	0	80,090	1,099,656	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33	Inter-Company Pooling Participation Percentage	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	143,643	38,292
2.	851,209	14,262	836,947	81.5	37.7	83.1	0	0		15,148	4,053
3.	888,584	16,466	872,118	81.9	43.9	83.3	0	0		16,529	5,141
4.	843,220	18,868	824,352	79.3	54.2	80.1	0	0		17,197	5,565
5.	728,109	10,257	717,853	68.1	35.8	69.0	0	0		16,183	5,151
6.	712,220	7,828	704,392	61.4	23.6	62.5	0	0		14,532	5,507
7.	792,249	8,404	783,845	60.8	27.2	61.6	0	0		18,657	8,365
8.	803,355	9,106	794,250	58.8	30.1	59.4	0	0		45,132	13,224
9.	792,180	10,882	781,297	58.8	20.6	60.4	0	0		89,896	22,057
10.	843,808	17,854	825,954	61.5	20.8	64.2	0	0		176,290	36,847
11.	897,944	12,826	885,118	67.7	23.2	69.6	0	0		338,566	63,680
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	891,773	207,883

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	11 One Year	12 Two Year
1. Prior	595,876	600,436	630,732	636,151	661,257	664,182	678,974	693,873	694,688	699,805	5,117	5,931
2. 1999	688,526	718,360	738,423	742,244	754,613	752,444	753,044	754,901	752,538	752,454	(84)	(2,447)
3. 2000	XXX	750,606	778,279	786,315	796,393	794,230	794,467	791,770	789,254	787,839	(1,416)	(3,931)
4. 2001	XXX	XXX	739,593	738,491	736,969	739,945	741,565	738,641	735,626	734,436	(1,190)	(4,205)
5. 2002	XXX	XXX	XXX	657,008	653,563	644,951	630,252	627,214	625,682	625,688	6	(1,526)
6. 2003	XXX	XXX	XXX	XXX	641,497	632,832	616,110	611,649	610,600	607,971	(2,628)	(3,678)
7. 2004	XXX	XXX	XXX	XXX	XXX	712,847	703,517	693,990	687,868	684,979	(2,889)	(9,011)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	746,223	720,033	697,026	694,407	(2,619)	(25,626)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	693,471	698,467	686,558	(11,909)	(6,913)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	751,657	733,446	(18,211)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	782,209	XXX	XXX
										12. Totals	(35,823)	(51,404)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11	12
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	170,896	275,428	348,649	396,902	429,243	454,997	479,032	500,718	519,893	XXX	XXX
2. 1999	380,952	538,983	617,380	665,679	695,167	710,596	721,439	727,879	731,884	734,730	XXX	XXX
3. 2000	XXX	411,433	580,563	660,506	709,637	736,581	753,474	759,601	764,877	767,817	XXX	XXX
4. 2001	XXX	XXX	387,943	546,378	620,480	662,904	688,720	701,591	708,506	713,202	XXX	XXX
5. 2002	XXX	XXX	XXX	330,351	469,952	530,747	569,148	587,300	598,878	605,320	XXX	XXX
6. 2003	XXX	XXX	XXX	XXX	328,108	458,339	521,342	557,563	580,096	588,865	XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX	356,871	522,393	597,839	639,006	658,996	XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	361,816	519,603	593,493	637,479	XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	358,368	517,574	576,441	XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	369,222	524,523	XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	399,947	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
1. Prior	252,797	197,414	164,854	134,854	135,455	102,087	98,861	93,327	80,760	77,967
2. 1999	114,712	46,492	25,096	15,562	13,918	12,353	10,523	10,635	8,135	7,646
3. 2000	XXX	132,342	49,581	23,303	20,182	15,014	14,937	12,605	10,629	8,280
4. 2001	XXX	XXX	150,896	51,908	26,467	17,928	16,599	13,614	9,336	7,781
5. 2002	XXX	XXX	XXX	159,265	71,687	40,564	19,464	12,185	8,947	7,315
6. 2003	XXX	XXX	XXX	XXX	156,959	65,117	26,619	16,499	10,844	8,075
7. 2004	XXX	XXX	XXX	XXX	XXX	176,205	61,198	32,245	16,747	11,357
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	192,111	76,442	27,180	17,180
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	152,693	54,788	29,837
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	161,207	74,911
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	184,063

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken: 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	4,349,948	4,469,042	0	1,373,713	962,409	3,434,216	17,192	
2. Alaska AK	L	199,629	217,470	0	10,272,576	189,364	108,036	789	
3. Arizona AZ	L	4,247,378	4,413,133	0	1,372,140	2,781,961	6,885,440	16,786	
4. Arkansas AR	L	1,376,920	1,503,555	0	1,234,939	1,035,392	612,225	5,442	
5. California CA	L	72,185,538	76,613,547	0	42,530,755	35,182,100	92,139,593	285,290	
6. Colorado CO	L	4,492,967	4,779,750	0	1,916,607	1,314,625	4,297,624	17,757	
7. Connecticut CT	L	9,232,876	10,483,200	0	6,647,008	3,604,261	8,890,203	36,490	
8. Delaware DE	L	462,553	447,508	0	113,976	77,681	87,457	1,828	
9. District of Columbia DC	L	384,722	382,222	0	31,918	206,153	344,246	1,520	
10. Florida FL	L	15,373,010	16,014,782	0	7,595,838	8,390,515	14,537,154	60,757	
11. Georgia GA	L	12,228,261	12,659,241	0	8,500,669	12,867,239	12,667,158	48,328	
12. Hawaii HI	L	428,766	471,238	0	16,155	(14,795)	104,590	1,695	
13. Idaho ID	L	2,752,249	2,807,320	0	369,601	1,883,896	4,855,024	10,877	
14. Illinois IL	L	11,248,955	13,718,175	0	8,063,452	8,167,118	18,269,498	44,458	
15. Indiana IN	L	5,441,667	5,761,268	0	2,587,347	2,260,205	3,071,660	21,506	
16. Iowa IA	L	879,241	851,089	0	393,451	121,457	313,905	3,475	
17. Kansas KS	L	2,234,885	2,301,979	0	1,257,904	961,277	1,470,149	8,833	
18. Kentucky KY	L	2,528,431	2,789,376	0	1,449,818	808,638	2,094,775	9,993	
19. Louisiana LA	L	45,964,047	45,302,754	0	22,055,439	26,820,238	21,481,651	181,658	
20. Maine ME	L	552,493	536,093	0	46,715	23,351	90,004	2,184	
21. Maryland MD	L	2,824,202	3,115,045	0	787,396	1,185,519	2,056,786	11,162	
22. Massachusetts MA	L	3,451,509	3,373,524	0	1,240,776	1,122,988	1,187,679	13,641	
23. Michigan MI	L	11,332,196	11,866,204	0	6,362,944	4,341,489	5,269,218	44,787	
24. Minnesota MN	L	5,099,979	5,377,999	0	3,411,962	2,065,845	10,765,951	20,156	
25. Mississippi MS	L	2,411,965	2,719,559	0	1,434,530	1,858,333	3,571,660	9,533	
26. Missouri MO	L	6,016,372	6,210,835	0	2,885,669	1,855,420	4,186,749	23,778	
27. Montana MT	L	3,442,234	3,643,753	0	2,272,509	4,151,211	7,834,267	13,604	
28. Nebraska NE	L	533,585	616,894	0	382,317	207,707	342,535	2,109	
29. Nevada NV	L	3,045,135	3,074,230	0	977,039	1,287,008	1,325,924	12,035	
30. New Hampshire NH	L	1,110,175	1,148,244	0	417,599	52,217	526,884	4,388	
31. New Jersey NJ	L	6,927,950	7,006,791	0	1,961,425	4,233,167	9,614,682	27,380	
32. New Mexico NM	L	1,534,901	1,967,076	0	1,277,963	532,082	2,351,868	6,066	
33. New York NY	L	29,780,082	29,619,586	0	12,234,715	11,700,026	33,747,388	117,696	
34. North Carolina NC	L	8,268,807	8,808,811	0	3,917,150	4,830,227	5,049,321	32,680	
35. North Dakota ND	L	286,596	354,826	0	235,289	281,280	193,774	1,133	
36. Ohio OH	L	7,223,656	9,396,694	0	4,202,364	4,093,075	4,897,078	28,549	
37. Oklahoma OK	L	2,829,726	3,054,032	0	1,522,598	1,111,523	2,077,292	11,184	
38. Oregon OR	L	8,601,594	8,949,720	58,632	38,975,438	3,146,788	23,115,514	33,995	
39. Pennsylvania PA	L	13,279,725	13,245,709	0	4,833,559	4,832,799	6,324,692	52,484	
40. Rhode Island RI	L	654,571	692,153	0	230,091	(16,860)	320,588	2,587	
41. South Carolina SC	L	4,701,224	5,416,750	0	2,349,354	1,897,003	2,692,794	18,580	
42. South Dakota SD	L	562,133	589,511	0	276,779	392,331	563,488	2,222	
43. Tennessee TN	L	5,980,198	7,310,148	0	5,725,155	5,277,989	12,206,521	23,635	
44. Texas TX	L	57,168,217	59,811,376	51,173	36,262,943	48,877,907	40,029,192	657,473	
45. Utah UT	L	3,055,769	3,175,946	0	611,163	1,974,426	5,870,995	12,077	
46. Vermont VT	L	8,899,045	9,328,363	0	5,506,274	4,636,401	5,088,432	35,171	
47. Virginia VA	L	7,400,900	4,525,986	0	1,152,574	1,524,235	2,111,492	29,250	
48. Washington WA	L	40,693,352	43,590,601	0	37,438,688	28,388,924	54,491,326	160,828	
49. West Virginia WV	L	3,818,727	4,560,517	0	1,881,076	1,852,735	2,033,603	15,092	
50. Wisconsin WI	L	2,109,896	2,116,556	0	753,667	876,194	1,395,236	8,339	
51. Wyoming WY	L	1,413,368	1,394,613	0	183,605	241,266	1,523,717	5,586	
52. American Samoa AS	N	0	0	0	0	0	0	0	
53. Guam GU	L	(54)	23	0	0	(69)	7	0	
54. Puerto Rico PR	L	(24,253)	(25,999)	0	0	286,278	302,782	(96)	
55. U.S. Virgin Islands VI	L	25,467	27,300	0	0	14,372	7,130	101	
56. Northern Mariana Islands MP	N	0	0	0	0	0	0	0	
57. Canada CN	N	406,487	435,745	0	0	214,112	101,415	1,607	
58. Aggregate other alien OT	XXX	200	214	0	0	107	50	0	0
59. Totals	(a) 54	451,430,170	473,022,076	109,804	299,534,631	256,969,138	448,932,636	2,215,664	0
DETAILS OF WRITE-INS									
5801. Aggregate other alien	XXX	200	214	0	0	107	50	0	
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	200	214	0	0	107	50	0	0

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

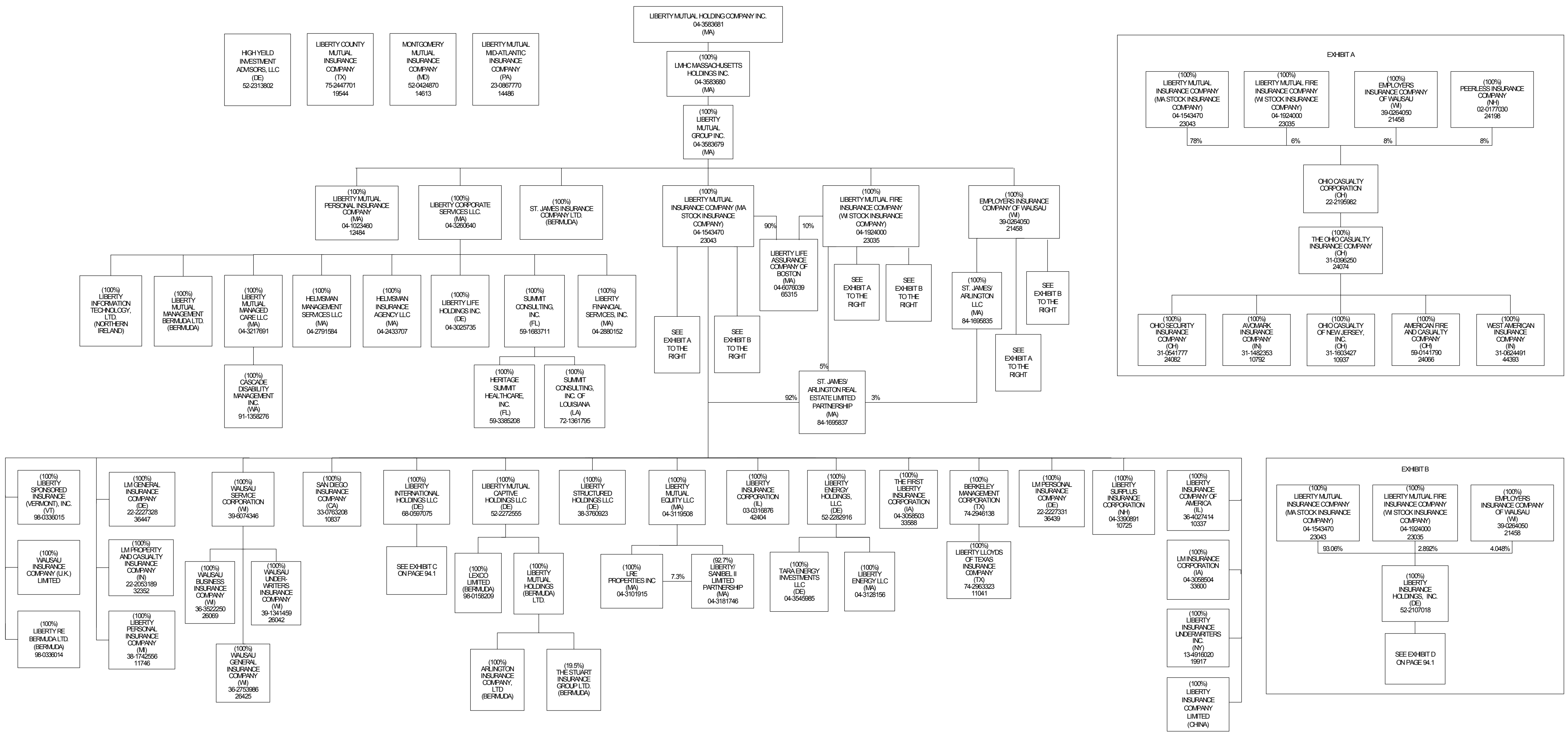
Explanation of basis of allocation of premiums by states, etc.

Fire, Allied Lines, Federal Flood, Farmowners Multiple Peril, Homeowners Multiple Peril, Commercial Multiple Peril, Medical Malpractice, Earthquake, Liability Other Than Auto, Burglary and Theft - Allocated according to location of risk. Ocean Marine - Allocated according to point of margin. Inland Marine - Allocated according to principal address of policyholder. Worker's Compensation - Allocated according to location of insured's operation. Auto Liability and Physical Damage - allocated according to location of principal garage. Aircraft - As reported to us by Associated Aviation Underwriters Syndicate and according to location of principal hangar. Fidelity and Surety - Allocated in accordance with practice adopted by Towner Rating Bureau and the Surety Association of America.

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE GENERAL INSURANCE COMPANY OF AMERICA

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

PART 1 - ORGANIZATIONAL CHART



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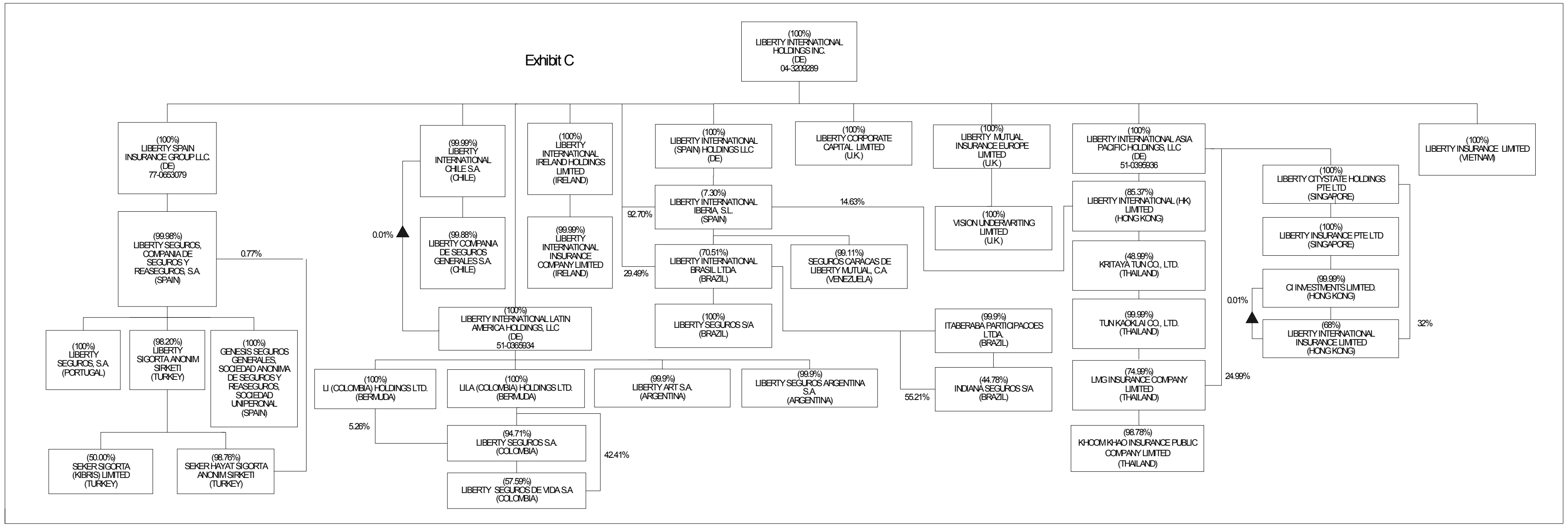

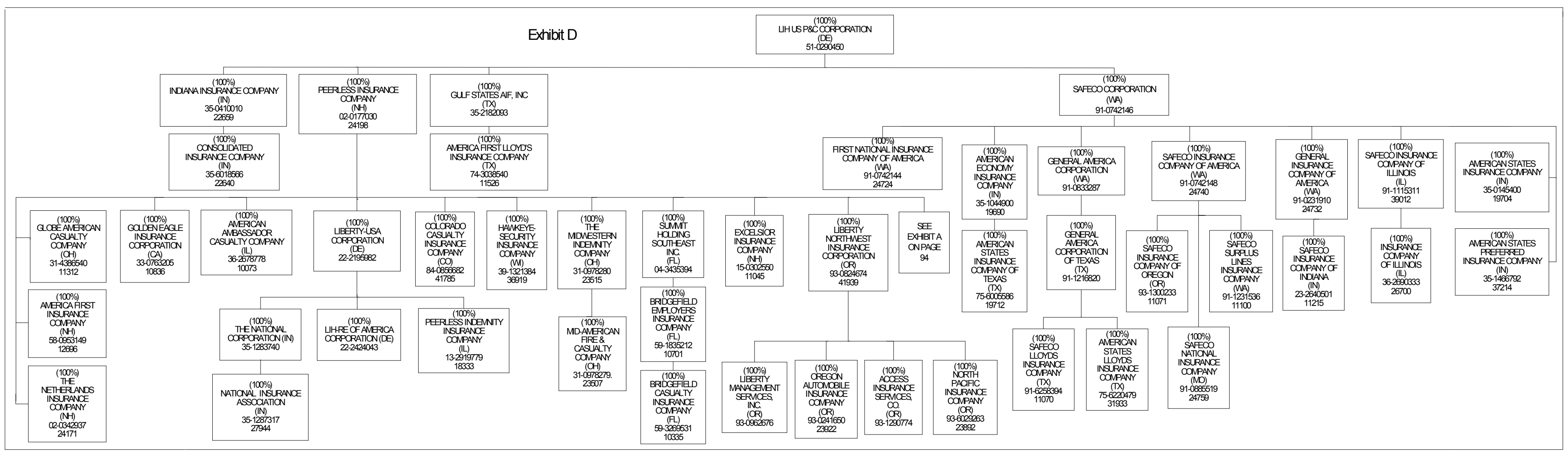

ALPHABETICAL INDEX

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