

ANNUAL STATEMENT

OF THE

LM PROPERTY AND CASUALTY INSURANCE COMPANY

of **INDIANAPOLIS**

in the state of **INDIANA**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2010

PROPERTY AND CASUALTY

2010



32352201020100100

ANNUAL STATEMENT

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

LM Property and Casualty Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 32352 Employer's ID Number 22-2053189
Organized under the Laws of Indiana, State of Domicile or Port of Entry Indiana
Country of Domicile United States of America
Incorporated/Organized: January 2, 1975 Commenced Business March 28, 1975
Statutory Home Office 251 East Ohio Street Suite 500, Indianapolis, IN 46204
Main Administrative Office: 175 Berkeley Street, Boston, MA 02116
Mail Address: 175 Berkeley Street, Boston, MA 02116
Primary Location of Books and Records: 175 Berkeley Street, Boston, MA 02116
Internet Web Site Address www.LibertyMutualGroup.com
Statutory Statement Contact: Pamela Heenan, Statutory.Compliance@LibertyMutual.com

OFFICERS

Chairman of the Board and CEO

Timothy Michael Sweeney

Table with 2 columns: Name, Title. Rows include Timothy Michael Sweeney (President), Dexter Robert Legg (Vice President & Secretary), Laurance Henry Soyer Yahia (Vice President & Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists various vice-presidents and their titles.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists directors or trustees and their titles.

State of Massachusetts

County of Suffolk ss

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

Signature and Title section for Timothy Michael Sweeney, Dexter Robert Legg, and Laurance Henry Soyer Yahia.

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

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	27,795,304		27,795,304	39,870,365
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 179,208, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 10,576,509, Schedule DA)	10,755,717		10,755,717	2,134,307
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				20
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	38,551,021		38,551,021	42,004,692
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	254,228		254,228	272,960
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				1,260
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	50,304,598		50,304,598	49,955,649
16.2 Funds held by or deposited with reinsured companies	556,876		556,876	547,650
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	1,016,710		1,016,710	
18.2 Net deferred tax asset	1,373,140	472,129	901,011	713,350
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				449,180
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	92,056,573	472,129	91,584,444	93,944,741
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	92,056,573	472,129	91,584,444	93,944,741

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	39,205,498	42,773,161
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	2,360,223	2,841,385
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		3,889,932
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 2 and including warranty reserves of \$ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	770,734	832,893
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	895,014	2,116,727
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	5,923,980	318,858
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	6,581,823	7,691,246
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	55,737,272	60,464,202
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	55,737,272	60,464,202
29. Aggregate write-ins for special surplus funds	152,697	169,280
30. Common capital stock	4,400,000	4,400,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	33,539,064	33,539,064
35. Unassigned funds (surplus)	(2,244,589)	(4,627,805)
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	35,847,172	33,480,539
38. Totals (Page 2, Line 28, Col. 3)	91,584,444	93,944,741

DETAILS OF WRITE-IN LINES		
2501. Other liabilities	6,581,823	7,691,246
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	6,581,823	7,691,246
2901. SSAP 10R incremental change	152,697	169,280
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	152,697	169,280
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	(131)	(43,765)
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	273,898	1,153,800
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	(32,419)	(3,453,848)
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	(352,617)	(191,797)
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	(111,138)	(2,491,845)
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	111,007	2,448,080
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	924,997	2,853,601
10. Net realized capital gains (losses) less capital gains tax of \$ 4,507 (Exhibit of Capital Gains (Losses))	8,371	424,836
11. Net investment gain (loss) (Lines 9 + 10)	933,368	3,278,437
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	186,325	(488)
15. Total other income (Lines 12 through 14)	186,325	(488)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,230,700	5,726,029
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	1,230,700	5,726,029
19. Federal and foreign income taxes incurred	422,393	1,245,942
20. Net income (Line 18 minus Line 19) (to Line 22)	808,307	4,480,087
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	33,480,539	66,434,148
22. Net income (from Line 20)	808,307	4,480,087
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 52,133	96,819	165,682
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	89,593	(1,446,107)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	166,784	664,650
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	1,221,713	1,012,799
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		(38,000,000)
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(16,583)	169,280
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	2,366,633	(32,953,609)
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	35,847,172	33,480,539

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Other income/(expense)	186,325	(488)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	186,325	(488)
3701. SSAP 10R incremental change	(16,583)	169,280
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(16,583)	169,280

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	1,130	114,967
2. Net investment income	1,049,415	3,372,548
3. Miscellaneous income	(71,388)	(314,816)
4. Total (Lines 1 through 3)	979,157	3,172,699
5. Benefit and loss related payments	4,671,673	(12,941,178)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(385,037)	(1,512,131)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	5,333,542	923,699
10. Total (Lines 5 through 9)	9,620,178	(13,529,610)
11. Net cash from operations (Line 4 minus Line 10)	(8,641,021)	16,702,309
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	17,153,841	47,494,565
12.2 Stocks		39
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	20	145
12.8 Total investment proceeds (Lines 12.1 to 12.7)	17,153,861	47,494,749
13. Cost of investments acquired (long-term only):		
13.1 Bonds	5,022,634	32,442,355
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	5,022,634	32,442,355
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	12,131,227	15,052,394
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		(38,000,000)
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	5,131,204	2,414,191
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	5,131,204	(35,585,809)
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)	8,621,410	(3,831,106)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,134,307	5,965,413
19.2 End of year (Line 18 plus Line 19.1)	10,755,717	2,134,307

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability—occurrence				
11.2 Medical professional liability—claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability—occurrence				
17.2 Other liability—claims-made				
17.3 Excess Workers' Compensation				
18.1 Products liability—occurrence				
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability	(131)			(131)
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	(131)			(131)

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

NONE Underwriting and Investment Exhibit - Part 1A

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	(16)			(16)		
2. Allied lines	6			6		
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability—occurrence						
17.2 Other liability—claims-made						
17.3 Excess Workers' Compensation						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	7,744		143	7,887		
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X		(496)		(365)	(131)
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	7,734		(353)	7,877	(365)	(131)

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	8,057		8,058	(1)				(1)	
2. Allied lines	673	1,289	1,962			684	684		
3. Farmowners multiple peril									
4. Homeowners multiple peril	1,489,992	9,645	1,499,636	1	98,727	450,772	549,499	1	
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine	6,461		6,461						
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake	169,761		184,694	(14,933)				(14,933)	
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability—occurrence	100,000	236	100,236						
17.2 Other liability—claims-made									
17.3 Excess Workers' Compensation									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	268,634,334		249,171,113	19,463,221	701,203	218,083	919,286	19,463,221	
19.3,19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X	10,272,725	677,825	9,594,900	X X X	14,825,977	4,663,669	19,757,208	
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	270,409,278	10,283,895	251,649,985	29,043,188	799,930	15,495,516	6,133,138	39,205,496	
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	487,911			487,911
1.2 Reinsurance assumed	319,457			319,457
1.3 Reinsurance ceded	805,632			805,632
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,736			1,736
2. Commission and brokerage:				
2.1 Direct, excluding contingent		4		4
2.2 Reinsurance assumed, excluding contingent		1,435		1,435
2.3 Reinsurance ceded, excluding contingent		354,057		354,057
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		(352,618)		(352,618)
3. Allowances to manager and agents			1	1
4. Advertising			419	419
5. Boards, bureaus and associations			14	14
6. Surveys and underwriting reports			482	482
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			48,038	48,038
8.2 Payroll taxes			3,401	3,401
9. Employee relations and welfare			3,643	3,643
10. Insurance			405	405
11. Directors' fees				
12. Travel and travel items			1,058	1,058
13. Rent and rent items			1,235	1,235
14. Equipment			1,335	1,335
15. Cost or depreciation of EDP equipment and software			875	875
16. Printing and stationery			164	164
17. Postage, telephone and telegraph, exchange and express			1,707	1,707
18. Legal and auditing			2,302	2,302
19. Totals (Lines 3 to 18)			65,079	65,079
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	0			
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	(34,156)		10,763	(23,393)
25. Total expenses incurred	(32,420)	(352,618)	75,842	(a) (309,196)
26. Less unpaid expenses—current year				
27. Add unpaid expenses—prior year				
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	(32,420)	(352,618)	75,842	(309,196)

DETAILS OF WRITE-IN LINES				
2401. Other expenses	(34,156)		10,763	(23,393)
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	(34,156)		10,763	(23,393)

(a) Includes management fees of \$ 75,842 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 506,178	488,352
1.1 Bonds exempt from U.S. tax	(a) 342,037	340,776
1.2 Other bonds (unaffiliated)	(a) 170,049	164,549
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) (3,753)	2,101
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	5,062	5,062
10. Total gross investment income	1,019,573	1,000,840
11. Investment expenses		(g) 75,844
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		75,844
17. Net investment income (Line 10 minus Line 16)		924,996

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	5,062	5,062
0902.		
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	5,062	5,062
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

- (a) Includes \$ 11,668 accrual of discount less \$ 117,354 amortization of premium and less \$ 19,362 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 373 accrual of discount less \$ 114 amortization of premium and less \$ 6,387 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	12,867		12,867		
1.1 Bonds exempt from U.S. tax	11		11	148,954	
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	12,878		12,878	148,954	

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	472,129	622,330	150,201
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	472,129	622,330	150,201
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	472,129	622,330	150,201

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Indiana, the accompanying financial statements of LM Property and Casualty Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

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

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

C. Accounting Policies

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

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

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

Note 2 - Accounting Changes and Correction of Errors

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

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

The Company does not invest in mortgage loans.

B. Debt Restructuring

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2010 as of December 31, 2010: None
3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2010: None
4. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2010: None
5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' equity. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Repurchase Agreements and Securities Lending

The Company did not participate in repurchase agreements or securities lending during the year.

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2010.

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	625,116	924,024	1,549,140	693,754	848,026	1,541,780	(68,638)	75,998	7,360
Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
Adjusted Gross Deferred Tax Assets	625,116	924,024	1,549,140	693,754	848,026	1,541,780	(68,638)	75,998	7,360
Deferred Tax Liabilities	(176,000)	0	(176,000)	(206,100)	0	(206,100)	30,100	0	30,100
Net DTA (DTL)	449,116	924,024	1,373,140	487,654	848,026	1,335,680	(38,538)	75,998	37,460
Deferred Tax Assets Nonadmitted	(149,596)	(322,533)	(472,129)	(134,954)	(487,376)	(622,330)	(14,642)	164,843	150,201
Net Admitted DTA (DTL)	299,520	601,491	901,011	352,700	360,650	713,350	(53,180)	240,841	187,661

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

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	146,823	244,607	391,430	163,000	95,000	258,000	(16,177)	149,607	133,430
Lesser of:									
Expected to be recognized within one year (10bi.)	0	356,884	356,884	20,220	265,850	286,070	(20,220)	91,034	70,814
10% of adjusted capital and surplus (10bii.)			3,346,727			6,805,991			
Adj. gross DTAs offset against existing DTLs (10c.)	176,000	0	176,000	206,100	0	206,100	(30,100)	0	(30,100)
Total	322,823	601,491	924,314	389,320	360,850	750,170	(66,497)	240,641	174,144

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	237,881	244,607	482,488	275,000	95,000	370,000	(37,119)	149,607	112,488
Lesser of:									
Expected to be recognized within three years (10eii.)	61,639	356,884	418,523	77,500	265,850	343,350	(15,861)	91,034	75,173
15% of adjusted capital and surplus (10eiii.)			5,020,090			10,208,987			
Adj. gross DTAs offset against existing DTLs (10eiv.)	176,000	0	176,000	206,100	0	206,100	(30,100)	0	(30,100)
Total	475,520	601,491	1,077,011	558,600	360,850	919,450	(83,080)	240,641	157,561

	December 31, 2010	December 31, 2009	Change
Used in SSAP No. 10R, Paragraph 10.d.			
Total Adjusted Capital	35,694,475	33,311,259	2,383,216
Authorized Control Level	6,689,368	6,923,540	(234,172)

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	146,823	601,491	748,314	183,220	360,850	544,070	(36,397)	240,641	204,244
Admitted Assets			91,431,747			93,775,461			(2,343,714)
Adjusted Statutory Surplus			35,694,475			33,311,259			2,383,216
Total Adjusted Capital from DTAs			35,694,475			33,311,259			2,383,216

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2010			December 31, 2009			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	152,697	0	152,697	169,480	(200)	169,280	(16,783)	200	(16,583)
Admitted Assets			91,584,444			93,944,741			(2,360,297)
Adjusted Statutory Surplus			35,847,172			33,480,539			2,366,633
Total Adjusted Capital from DTAs			35,847,172			33,480,539			2,366,633

	December 31, 2010		
	(1)	(2)	(3)
			(Col 1 + 2)
Impact of Tax Planning Strategies	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	0%	40%	40%

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

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

	2010	2009
Federal	422,393	1,245,942
Foreign	0	0
Realized capital gains	4,507	228,758
Federal and foreign income taxes incurred	426,900	1,474,700

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves and deferred intercompany transactions.

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

	2010
Change in net deferred income tax (without unrealized gain or loss)	89,593
Change in tax effect of unrealized (gains) losses	(52,133)
Total change in net deferred income tax	37,460

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

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$452,900 from the current year and \$1,722,544 from the preceding year.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Bridgefield Casualty Insurance Company	Bridgefield Employers Insurance Company
Capitol Court Corporation	Capitol Agency, Inc., The (Arizona corporation)
Capitol Agency, Inc., The (Ohio corporation) Dissolved 11/17/2010	Capitol Agency, Inc., The (Tennessee corporation) (Dissolved 7/1/2010)
Cascade Disability Management, Inc.	Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.	Companies Agency of New York, Inc. (Dissolved 3/3/2010)
Companies Agency of Pennsylvania, Inc. (Dissolved 9/9/2010)	Consolidated Insurance Company
Copley Venture Capital, Inc.	Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.	Employers Insurance Company of Wausau
Excelsior Insurance Company	F.B. Beattie & Co., Inc.
First National Insurance Company of America	First State Agency Inc.
Florida State Agency, Inc. (Dissolved 8/20/2010)	General America Corporation
General America Corporation of Texas	General Insurance Company of America
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 Corporation	Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters Inc.	Liberty International Europe Inc.
Liberty International Holdings Inc.	Liberty Life Assurance Company of Boston
Liberty Life Holdings Inc.	Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.	Liberty Mexico Holdings Inc.
Liberty Mutual Agency Corporation	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-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. (Dissolved 8/20/2010)
Mid-American Fire & Casualty Company	North Pacific Insurance Company
OCASCO Budget, Inc.	OCI Printing, Inc.
Ohio Casualty Corporation	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) (Dissolved 8/23/2010)
State Agency, Inc. (Wisconsin corporation) (Dissolved 8/24/2010)	Summit Consulting, Inc.
Summit Consulting, Inc. of Louisiana	Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation	The Midwestern Indemnity Company
The Ohio Casualty Insurance Company	The Netherlands Insurance Company
Wausau General Insurance Company	The National Corporation
West American Insurance Company	Wausau Business Insurance Company
Winmar of the Desert, Inc.	Wausau Underwriters Insurance Company
Winmar-Metro, Inc.	Winmar Company, Inc.
	Winmar Oregon, Inc.

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company's affiliates during 2010.
- D. At December 31, 2010, the Company reported a net \$5,923,980 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

NOTES TO FINANCIAL STATEMENTS

- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities
- F. Refer to Note 26 for information regarding inter-company reinsurance.

There is a management services agreement between the Company and LMIC, under which LMIC provides the Company with services of personnel employed by LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate.

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

There is an "Agent-Company Agreement" between the Company and Helmsman Insurance Agency, Inc. ("Helmsman") whereby Helmsman provides agent commission payments, accounting, office services and other services under the terms of the Agreement.

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

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

Note 11 - Debt

- A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

- B. Federal Home Loan Bank Agreements

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

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

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

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

1. The Company has 800 shares authorized, issued, and outstanding as of December 31, 2010. All shares have a stated par value of \$5,500.
2. Preferred Stock
Not applicable
3. There are no dividend restrictions.
4. The Company did not pay any dividends to its parent during 2010.
5. The Company cannot pay a dividend in 2011 without the prior approval of the Insurance Commissioner, as its unassigned surplus is negative.
6. As of December 31, 2010, the Company has restricted surplus of \$152,697 from recording the increase in admitted adjusted gross DTA's as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes*.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. The Company had changes in special surplus funds resulting from the increase in admitted adjusted gross Deferred Tax Assets, due to applying the revised guidance in SSAP No. 10R, *Income Taxes*.

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is \$96,819 after applicable deferred taxes of \$0.
11. Surplus Notes
Not applicable
12. Quasi re-organization (dollar impact)
Not applicable
13. Quasi re-organization (effective date)
Not applicable

Note 14 - Contingencies

A. Contingent Commitments

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

B. Assessments

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

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

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	\$2,301,819

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

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

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

(f) Per Claim [X] (g) Per Claimant []

E. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

The Company did not have any transfers or servicing of financial assets during the year.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of \$4,782,973 and \$4,805,318 as of December 31, 2010 and 2009 respectively, were on deposit with government authorities or trustees as required by law.

2) Interrogatory 6.1

In 2010, the Company ceded 100% of its business to LMIC and had the benefit of Workers' Compensation Catastrophe reinsurance with limits of \$400,000,000 part of \$500,000,000 xs \$700,000,000, purchased by LMIC, the lead company in the inter-company reinsurance pool.

Interrogatory 6.3

The Company ceded 100% of its business to LMIC and as result had the benefit of catastrophe XOL reinsurance purchased by LMIC with limits of \$1,500,000,000 part of \$1,700,000,000 xs \$1,300,000,000 of catastrophe XOL reinsurance, \$150,000,000 xs \$1,150,000,000 Earthquake only catastrophe XOL reinsurance and \$455,000,000 part of \$650,000,000 xs \$650,000,000 xs \$650,000,000 in second event coverage should there be multiple large events in a single year, covering its direct business and business assumed from certain affiliates. The Company also had a 30% QS treaty for its direct and assumed from affiliates US Homeowners portfolio that covers catastrophe losses up to \$1,750,000,000 for Wind and \$400,000,000 for Earthquake.

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

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable Tax Credits

The Company does not hold state transferable tax credits.

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company reviews such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities.
2. The Company does not have any direct exposure through investments in sub-prime mortgage loans.
3. The Company does not have any direct exposure through other investments.
4. The Company does not have any underwriting exposure to sub-prime mortgage risk.

Note 22 - Events Subsequent

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

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

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, the following are the unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
New Jersey UCJF	00000	AA-9991160	\$159,702,417
Michigan Catastrophic Claims Association	00000	AA-9991159	77,872,692
Vantage Casualty Insurance Company	11821	06-1709211	42,192,919
Cal Re Management	00000	AA-9995111	6,541,647
Excess & Casualty Reinsurance	00000	AA-9995022	4,348,506
Insurance Corp of NY (The)	18341	13-5339725	2,281,930
One Beacon America Insurance Company	20621	04-2475442	1,174,227
Lloyd's Underwriter	00000	AA-1122000	1,158,674
Dominion Insurance Company Ltd.	00000	AA-1120495	1,100,227
Total			\$269,373,239

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

1. The Company has no maximum return premium and commission equity due to the reinsurer or to the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2010. The Company has no unearned premium reserves for direct, assumed, and ceded business.
2. The Company has no contingent commissions, sliding scale, or other profit sharing commissions for direct, assumed or ceded business.
3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

Reinsurer	NAIC No.	Federal ID No.	Write-off Amount
Reassuranceafviklingsselskabet	00000	AA-1280110	\$129,318
Axa Re	00000	AA-1320035	25,209
Lloyd's Underwriters	00000	AA-1122000	11,795
White Mountains Re. Co. of America	38776	13-2997499	3,927
Tokio Marine and Nichido Fire Insurance Co. Ltd.	12904	13-6108722	2,899
Dominion Insurance Company Ltd.	00000	AA-1120495	2,250
Metropolitan Group Property & Casualty	34339	13-2915260	2,021
Le Secours Cie D'Assurances	00000	AA-1320280	1,886
Highlands Insurance Company (UK) Ltd.	00000	AA-1120760	1,474

NOTES TO FINANCIAL STATEMENTS

Great American Insurance Company	16691	31-0501234	1,216
Excess & Casualty Reinsurance Association	00000	AA-9995022	970
Factory Mutual Insurance Company	21482	05-0316605	817
Employers Insurance Company of Wausau	21458	39-0264050	620
Travelers Insurance Company	87726	06-0566090	586
American Home Assurance Company	19380	13-5124990	425
London & Edinburgh	00000	AA-1120887	76
Public Service Mutual Insurance Company	15059	13-1188550	72
One Beacon America Insurance Company	20621	04-2475442	68
TOA-Re Insurance Company of America	42439	13-2918573	67
Insurance Corp of NY (The)	18341	13-5339725	66
New England Reinsurance Corporation	41629	06-1053492	11
Hanseatica Ruckversicherungs	00000	AA-1340129	2
Total			\$186,326

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements.

G. Reinsurance Accounted for as a Deposit

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

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

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

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

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

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Inter-Company Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	4.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.40%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.20%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.10%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	LM Personal Insurance Company ("LMPIC")	36439	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMIAIC")	14486	0.00%	Personal Lines Only

100.00%

NOTES TO FINANCIAL STATEMENTS

100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

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

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

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

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

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

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

Note 27 - Structured Settlements

The Company is contingently liable for structured settlement annuity contracts assigned by its previous parent, The Prudential Insurance Company of America, prior to the acquisition of the Company by the Liberty Mutual Group. Effective June 24, 2010 The Prudential Insurance Company of America established a Trust account as security for any amount the Company may be required to pay as a result of a payment default by The Prudential Insurance Company of America under any assigned annuities. As of December 31, 2010 the amount of outstanding contingent liabilities associated with the assigned annuities was \$481,748,912, which is fully collateralized.

Note 28 - Health Care Receivables

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

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

Note 31 - High Dollar Deductible Policies

The Company does not have any high deductible policies.

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

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

Note 33 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from two main exposures 1) the assumption of certain liabilities and obligations of Prudential-LMI Commercial Insurance Company (Prudential-LMI), effective December 31, 1986 and 2) the assumption of reserves from Everest Reinsurance Holdings, Inc. (Everest Re), related to Prudential Financials' sale of Gibraltar Casualty Company to Everest Re.

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

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

Uncertainty Regarding Reserving Methodologies

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

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

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

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2010, 2009, 2008, 2007, and 2006:

NOTES TO FINANCIAL STATEMENTS

Asbestos:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Direct Basis					
Beginning Reserves	-	-	-	-	-
Incurring losses and LAE	-	-	-	-	-
Calendar year payments	-	-	-	-	-
Ending Reserves	-	-	-	-	-

Assumed Reinsurance Basis

Beginning Reserves	176,343,834	114,851,469	58,850,242	12,181,900	7,796,215
Incurring losses and LAE	(1,800,000)	-	-	(3,955,635)	7,471,005
Calendar year payments	59,692,365	56,001,227	46,668,342	430,051	1,233,963
Ending Reserves	114,851,469	58,850,242	12,181,900	7,796,214	14,033,257

Net of Ceded Reinsurance Basis

Beginning Reserves	116,206,553	55,884,007	11,557	9,032,573	6,490,221
Incurring losses and LAE	-	-	-	(2,366,870)	3,452,107
Calendar year payments	60,322,546	55,872,450	(9,021,016)	175,482	713,485
Ending Reserves	55,884,007	11,557	9,032,573	6,490,221	9,228,843

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

Direct Basis	-
Assumed Reinsurance Basis	8,020,438
Net of Ceded Reinsurance Basis	3,249,921

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

Direct Basis	-
Assumed Reinsurance Basis	2,691,137
Net of Ceded Reinsurance Basis	-

Environmental:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Direct Basis					
Beginning Reserves	-	-	-	-	-
Incurring losses and LAE	-	-	-	-	-
Calendar year payments	-	-	-	-	-
Ending Reserves	-	-	-	-	-

Assumed Reinsurance Basis

Beginning Reserves	13,943,834	13,397,469	12,813,242	12,181,900	7,796,215
Incurring losses and LAE	-	-	-	(3,955,635)	(3,847,739)
Calendar year payments	546,365	584,227	631,342	430,051	319,133
Ending Reserves	13,397,469	12,813,242	12,181,900	7,796,214	3,629,343

Net of Ceded Reinsurance Basis

Beginning Reserves	10,606,553	9,430,007	8,889,111	8,388,127	5,890,221
Incurring losses and LAE	-	-	-	(2,366,870)	(3,474,067)
Calendar year payments	1,176,547	540,896	500,984	131,035	184,525
Ending Reserves	9,430,007	8,889,111	8,388,127	5,890,222	2,231,629

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

Direct Basis	-
Assumed Reinsurance Basis	2,074,281
Net of Ceded Reinsurance Basis	840,509

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

Direct Basis	-
Assumed Reinsurance Basis	695,994
Net of Ceded Reinsurance Basis	-

NOTES TO FINANCIAL STATEMENTS

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guarantee Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? _____ Indiana _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2009 _____
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2005 _____
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 06/25/2007 _____
- 3.4 By what department or departments?
 Indiana Department of Insurance

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

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

7.2 If yes,

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

1 Nationality	2 Type of Entity
.....

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

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

.....

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

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

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

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

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

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

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 William Finn
 175 Berkeley Street, Boston, MA 02116
 Officer of Liberty Mutual Group Inc.

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

INVESTMENT

23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3)

Yes No

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

.....

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

This company has a Securities Lending Agreement to generate additional income, whereby certain fixed income and mortgage back securities can be loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. There are no outstanding loans as of 12/31/2010.

.....

23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes No N/A

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

\$ _____ 0

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

\$ _____ 0

23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes No N/A

23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes No N/A

23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MLSA) to conduct securities lending?

Yes No N/A

24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3)

Yes No

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

	24.21	Subject to repurchase agreements	\$ _____ 0
	24.22	Subject to reverse repurchase agreements	\$ _____ 0
	24.23	Subject to dollar repurchase agreements	\$ _____ 0
	24.24	Subject to reverse dollar repurchase agreements	\$ _____ 0
	24.25	Pledged as collateral	\$ _____ 0
	24.26	Placed under option agreements	\$ _____ 0
	24.27	Letter stock or securities restricted as to sale	\$ _____ 0
	24.28	On deposit with state or other regulatory body	\$ _____ 4,782,973
	24.29	Other	\$ _____ 0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0
.....	0
.....	0

25.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes No

25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes No N/A

26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes No

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

\$ _____ 0

GENERAL INTERROGATORIES

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

Yes No

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

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

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

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

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

Yes No

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

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

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

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

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

Yes No

28.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	38,371,813	39,272,960	901,147
29.2 Preferred stocks	0	0	0
29.3 Totals	38,371,813	39,272,960	901,147

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

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

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

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

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

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

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

31.2 If no, list exceptions:

OTHER

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

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

1 Name	2 Amount Paid
	0
	0
	0

33.1 Amount of payments for legal expenses, if any? \$ _____ 0

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

1 Name	2 Amount Paid
	0
	0
	0

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

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	0
	0
	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ <u> 0</u>		\$ <u> 0</u>	
2.2 Premium Denominator	\$ <u> (131)</u>		\$ <u> (43,765)</u>	
2.3 Premium Ratio (2.1/2.2)	<u> 0.00</u>		<u> 0.00</u>	
2.4 Reserve Numerator	\$ <u> 0</u>		\$ <u> 0</u>	
2.5 Reserve Denominator	\$ <u> 41,565,720</u>		\$ <u> 45,614,546</u>	
2.6 Reserve Ratio (2.4/2.5)	<u> 0.00</u>		<u> 0.00</u>	

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

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

3.21 Participating policies \$ 0

3.22 Non-participating policies \$ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

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

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No
- 11.2 If yes, give full information

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|-------------------------------------------------------------------------|--|----|---|
| 12.11 Unpaid losses | | \$ | 0 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | 0 |
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | | |
|------------|--|--|------|
| 12.41 From | | | 0.00 |
| 12.42 To | | | 0.00 |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|----------------------------------|--|----|---|
| 12.61 Letters of Credit | | \$ | 0 |
| 12.62 Collateral and other funds | | \$ | 0 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 0
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Reinsurance recoverables were allocated between the cedants pursuant to an allocation agreement.

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes No
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes No
- 14.5 If the answer to 14.4 is no, please explain:

- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes No
- 15.2 If yes, give full information

- 16.1 Does the reporting entity write any warranty business? Yes No
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1 | 2 | 3 | 4 | 5 |
|------------------|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
| | Direct Losses
Incurred | Direct Losses
Unpaid | Direct Written
Premium | Direct Premium
Unearned | Direct Premium
Earned |
| 16.11 Home | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.12 Products | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.13 Automobile | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.14 Other* | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

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

Yes [] No [X]

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

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

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

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

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

Yes [] No [X]

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

\$ 0

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

Yes [] No [X]

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

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2010	2009	2008	2007	2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	7,887	3,189	(265)	(168,968)	(13,367)
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(10)	(615,843)	140	234,420	500,884
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)		(808,659)	(15)	273,881	301,924
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(496)	(43,614)	46,386	(2,760)	16,368
6. Total (Line 35)	7,381	(1,464,927)	46,246	336,573	805,809
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(131)	(43,765)	43,028	(2,924)	13,399
12. Total (Line 35)	(131)	(43,765)	43,028	(2,924)	13,399
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	111,007	2,448,080	92,840	111,056	(2,633,634)
14. Net investment gain (loss) (Line 11)	933,368	3,278,437	5,207,008	12,557,718	33,010,415
15. Total other income (Line 15)	186,325	(488)	(49)	(32,068)	166
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	422,393	1,245,942	648,550	3,073,434	1,983,890
18. Net income (Line 20)	808,307	4,480,087	4,651,249	9,563,272	28,393,057
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	91,584,444	93,944,741	128,825,751	242,741,756	355,438,618
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)		1,260	105,840	102,971	265,407
20.2 Deferred and not yet due (Line 15.2)			3,926	122	16,587
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	55,737,272	60,464,202	62,391,603	74,778,910	197,963,976
22. Losses (Page 3, Line 1)	39,205,498	42,773,161	41,916,828	37,138,924	103,260,242
23. Loss adjustment expenses (Page 3, Line 3)			2,133,515	2,133,515	2,261,017
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 30 & 31)	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
26. Surplus as regards policyholders (Page 3, Line 37)	35,847,172	33,480,539	66,434,148	167,962,846	157,474,642
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(8,641,021)	16,702,309	(9,915,542)	(81,183,007)	(62,370,155)
Risk-Based Capital Analysis					
28. Total adjusted capital	35,847,172	33,480,539	66,434,148	167,962,846	157,474,642
29. Authorized control level risk-based capital	6,690,277	6,924,514	7,624,729	7,725,236	17,557,258
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	72.1	94.9	90.1	94.4	85.2
31. Stocks (Lines 2.1 & 2.2)				0.0	
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	27.9	5.1	9.9	5.6	14.8
35. Contract loans (Line 6)					
36. Derivatives (Line 7)		X X X	X X X	X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)				0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)		X X X	X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	96,819	165,682	(60,294)	(202,772)	175,169
51. Dividends to stockholders (Line 35)					(128,291,212)
52. Change in surplus as regards policyholders for the year (Line 38)	2,366,633	(32,953,609)	(101,528,698)	10,488,204	(543,894,817)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	20,675,921	20,550,397	28,841,694	49,087,308	83,530,446
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(61,239)	(658,830)	13,679	(46,927)	(504,431)
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	819,681	716,254	2,591,344	7,596,470	11,721,761
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,851,850	1,370,684	47,166,709	56,727,473	60,256,960
58. Total (Line 35)	23,286,213	21,978,505	78,613,426	113,364,324	155,004,736
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,543,932	118,985	1,560,482	1,135,484	1,297,233
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)		(2,435)	(20,185)	70,519	105,979
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	56,536	(28,433)	141,660	7,073,003	(303,894)
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,241,093	209,350	(8,053,006)	56,650,495	59,954,072
64. Total (Line 35)	3,841,561	297,467	(6,371,049)	64,929,501	61,053,390
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	(209082.4)	(2636.4)	(3702.6)	40773.7	(1721.2)
67. Loss expenses incurred (Line 3)	24747.3	7891.8	1882.3	(36884.3)	21477.5
68. Other underwriting expenses incurred (Line 4)	269173.3	438.2	1704.5	10.0	(0.9)
69. Net underwriting gain (loss) (Line 8)	(84738.2)	(5593.7)	215.8	(3799.4)	(19655.5)
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	411406.1	437.1	1704.6	(1086.7)	(2.2)
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	(184335.1)	5255.5	(1820.2)	3889.4	19756.4
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)		(0.1)	0.1	(0.0)	0.0
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	274	1,296	(1,414)	(548)	970
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	0.8	2.0	(0.0)	(0.3)	0.1
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	1,570	(118)	(1,962)	422	5,446
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	2.4	(0.1)	(0.0)	0.1	0.8

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

Yes [] No [X]

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P – PART 1 – SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	15,354	11,519	171	190	2,549	2,583		3,782	X X X
2. 2001	1,079,892	1,076,272	3,620	799,517	794,368	26,488	25,729	113,263	109,652		9,519	X X X
3. 2002	1,122,089	1,118,048	4,041	792,288	775,331	24,141	22,760	81,695	80,306		19,727	X X X
4. 2003	1,063,624	1,059,380	4,244	647,640	610,198	18,361	17,971	25,544	23,910		39,466	X X X
5. 2004	598,490	598,490		298,693	298,635	12,638	12,625	4,396	6,788		(2,321)	X X X
6. 2005	17,863	17,863		14,029	14,029	663	663	(2,788)	748		(3,536)	X X X
7. 2006	1,126	1,113	13	35	35	(10)	(10)	(3,196)	(3,196)			X X X
8. 2007	716	719	(3)	15	15	3	3	323	323			X X X
9. 2008	121	78	43	(39)	(39)			246	246			X X X
10. 2009	(1,464)	(1,420)	(44)	(73)	(73)			375	375			X X X
11. 2010	8	8		1	1							X X X
12. Totals	X X X	X X X	X X X	2,567,460	2,504,019	82,455	79,931	222,407	221,735		66,637	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	260,485	231,676	14,850	4,688			118	118	4,628	4,628		38,971	X X X
2. 2001	1,987	2,000	25	25			184	184				(13)	X X X
3. 2002	1,197	981	157	157			122	122	2	2		216	X X X
4. 2003	15,421	15,391	354	354			146	146				30	X X X
5. 2004	1,540	1,540	711	711			283	283					X X X
6. 2005	56	56	195	195			10	10			1		X X X
7. 2006	5	5	3	3			1	1					X X X
8. 2007													X X X
9. 2008													X X X
10. 2009													X X X
11. 2010													X X X
12. Totals	280,691	251,649	16,295	6,133			864	864	4,630	4,630	1	39,204	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	38,971	
2. 2001	941,464	931,958	9,506	87.181	86.591	262.597			100.000	(13)	
3. 2002	899,602	879,659	19,943	80.172	78.678	493.516			100.000	216	
4. 2003	707,466	667,970	39,496	66.515	63.053	930.631			100.000	30	
5. 2004	318,261	320,582	(2,321)	53.177	53.565				100.000		
6. 2005	12,165	15,701	(3,536)	68.102	87.897				100.000		
7. 2006	(3,162)	(3,162)		(280.817)	(284.097)				100.000		
8. 2007	341	341		47.626	47.427				100.000		
9. 2008	207	207		171.074	265.385				100.000		
10. 2009	302	302		(20.628)	(21.268)				100.000		
11. 2010	1	1		12.500	12.500				100.000		
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	39,204	

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 T - EXHIBIT OF PREMIUMS WRITTEN Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L							
2. Alaska	AK	L							
3. Arizona	AZ	L			4,610	(1,657)	72,177		
4. Arkansas	AR	L			13,423	4,141	2,043		
5. California	CA	L			22,965	(235,611)	54,573		
6. Colorado	CO	L			45,401	19,982	38,481		
7. Connecticut	CT	L			283,571	(60,483)	102,370		
8. Delaware	DE	L							
9. District of Columbia	DC	L			7,825	(791,019)	159,708		
10. Florida	FL	L	7,704	7,704	558,205	361,788	256,847		
11. Georgia	GA	L			15,847	(24,154)			
12. Hawaii	HI	L							
13. Idaho	ID	L			139,886	66,413	138		
14. Illinois	IL	L			238,044	(254,634)	538,400		
15. Indiana	IN	L			(127)	3,979	59,890		
16. Iowa	IA	L			(900)		7,730		
17. Kansas	KS	L			8,375	8,875	2,988		
18. Kentucky	KY	L			12,453	40,574	89,223		
19. Louisiana	LA	L			113,938	(52,933)	2,501		
20. Maine	ME	L			86,000	13,129			
21. Maryland	MD	L			(9,797)	(9,409)	81,659		
22. Massachusetts	MA	L				1,000	1,000		
23. Michigan	MI	L			4,087,831	(2,882,073)	79,835,066		
24. Minnesota	MN	L			31,756	(17,211)	21,225		
25. Mississippi	MS	L			30,953	(10,266)	45,256		
26. Missouri	MO	L							
27. Montana	MT	L			7,812	7,812			
28. Nebraska	NE	L			22,732	(11,148)			
29. Nevada	NV	L			1,289	1,289	1		
30. New Hampshire	NH	L			(948)	898	18,045		
31. New Jersey	NJ	N			7,642,081	4,443,331	165,570,445		
32. New Mexico	NM	L			6,698	(13,123)	17,050		
33. New York	NY	L	40	40	997,650	(25,059)	2,110,038		
34. North Carolina	NC	L			(2,990)	(2,988)	2		
35. North Dakota	ND	L			850	11,999	25,922		
36. Ohio	OH	L			(356)	39,787	96,433		
37. Oklahoma	OK	L			103,180	43,735	11,766		
38. Oregon	OR	L			(113)		213		
39. Pennsylvania	PA	L			2,364,922	(394,360)	21,740,276		
40. Rhode Island	RI	L			28,611	19,196	89,736		
41. South Carolina	SC	L				813	26,516		
42. South Dakota	SD	L			(2,019)	(7,431)			
43. Tennessee	TN	L			(7,729)	(7,959)	12,191		
44. Texas	TX	L			(3,924)	(877)	6,899		
45. Utah	UT	L			(3,365)	6,932	17,615		
46. Vermont	VT	L							
47. Virginia	VA	L	(10)	(12)	2,253	2,421	168		
48. Washington	WA	L			(10,526)	655	29,745		
49. West Virginia	WV	L				21,210	55,949		
50. Wisconsin	WI	L			(15,884)	(17,931)	8,919		
51. Wyoming	WY	L			1,000	1,000			
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 50	7,734	7,732		16,821,483	300,633	271,209,204		

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

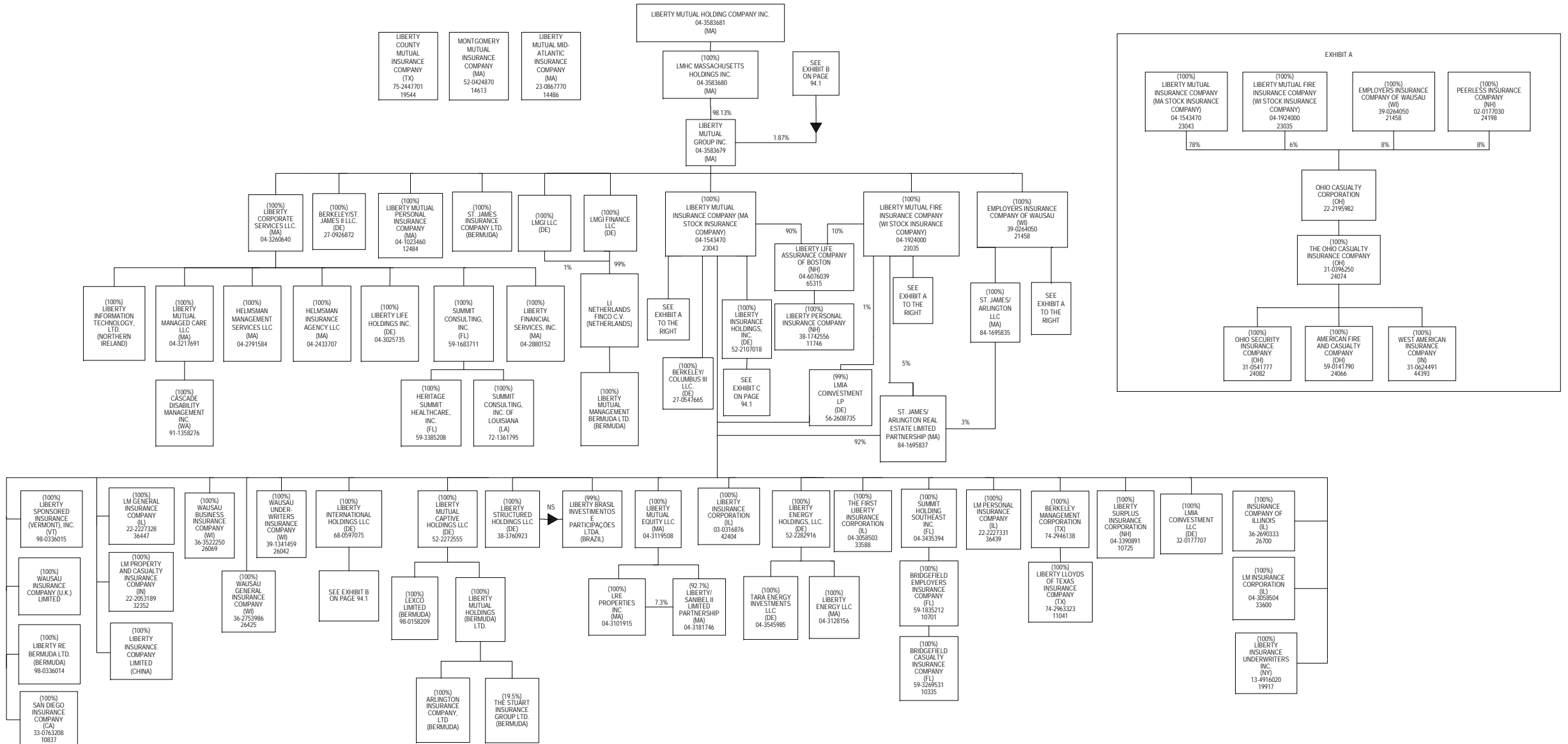
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

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

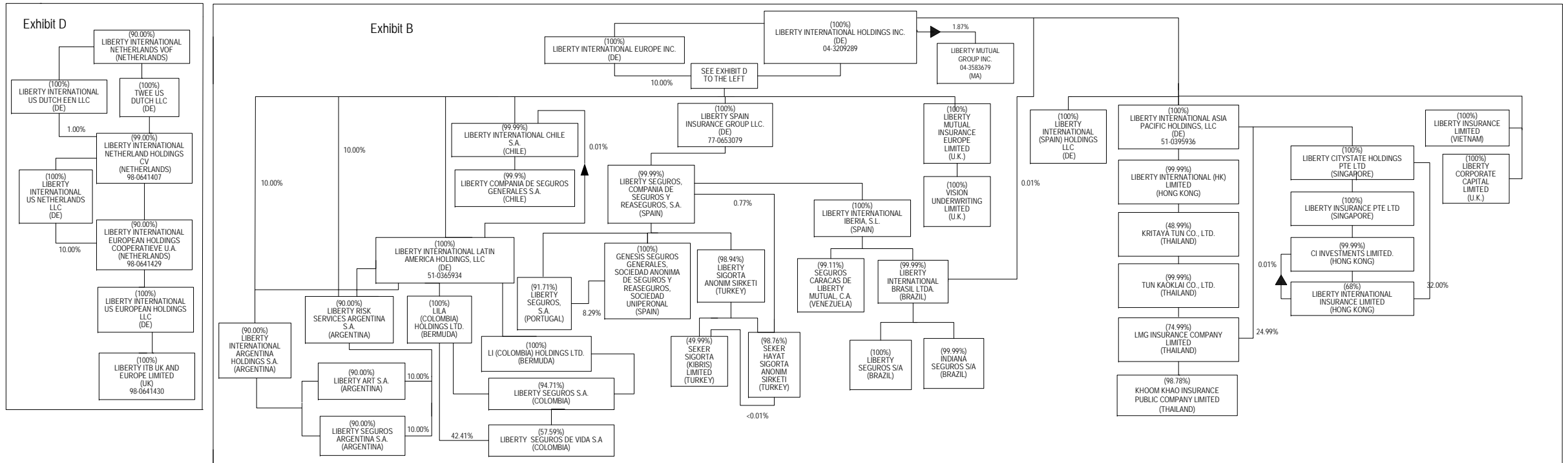
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

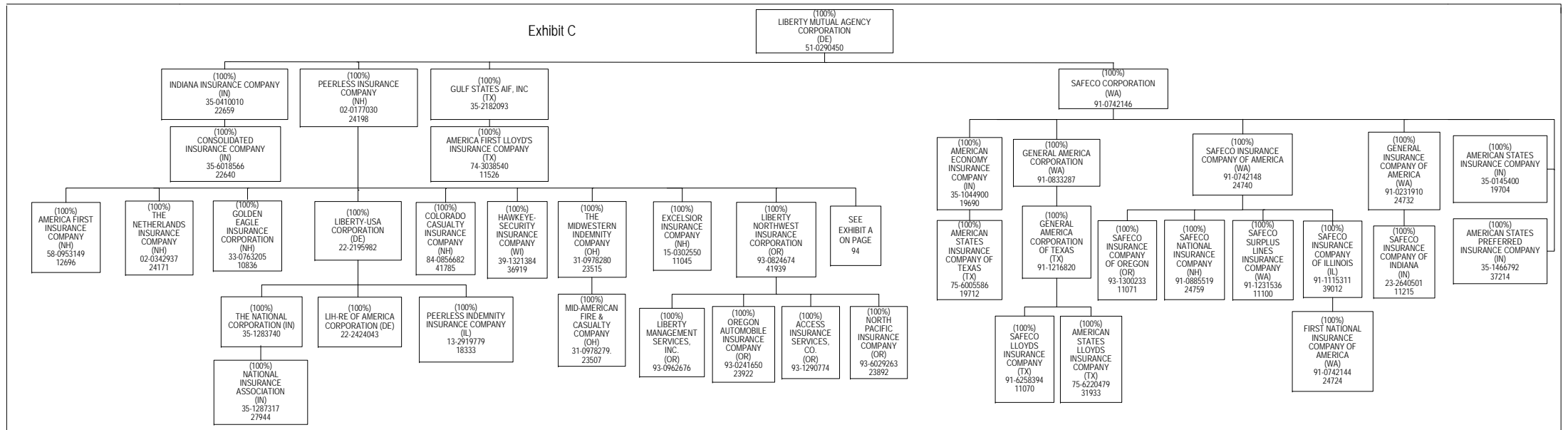


SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



94.1



OVERFLOW PAGE FOR WRITE-INS

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