

ANNUAL STATEMENT

OF THE

NORTH PACIFIC INSURANCE COMPANY

of **PORTLAND**

in the state of **OREGON**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2008

PROPERTY AND CASUALTY

2008



23892200820100010

ANNUAL STATEMENT

For the Year Ended December 31, 2008
OF THE CONDITION AND AFFAIRS OF THE

North Pacific Insurance Company

NAIC Group Code	0111 (Current Period)	0111 (Prior Period)	NAIC Company Code	23892	Employer's ID Number	93-6029263
Organized under the Laws of	Oregon		State of Domicile or Port of Entry Oregon			
Country of Domicile	United States of America					
Incorporated/Organized:	June 26, 1958			Commenced Business: July 1, 1958		
Statutory Home Office:	One Liberty Centre (Street and Number)		Portland, OR 97232-2038 (City or Town, State and Zip Code)			
Main Administrative Office:	One Liberty Centre (Street and Number)		Portland, OR 97232-2038 (City or Town, State and Zip Code)		503-239-5800 (Area Code) (Telephone Number)	
Mail Address:	175 Berkeley Street (Street and Number or P.O. Box)		Boston, MA 02116 (City or Town, State and Zip Code)		02116 (City or Town, State and Zip Code)	
Primary Location of Books and Records:	175 Berkeley Street (Street and Number)		Boston, MA 02116 (City or Town, State and Zip Code)		617-357-9500 (Area Code) (Telephone Number)	
Internet Website Address:	www.LibertyMutualAgencyMarkets.com					
Statutory Statement Contact:	Joanne Connolly (Name)		617-357-9500 x44393 (Area Code) (Telephone Number)		617-574-5955 (Extension)	
	Joanne.Connolly@LibertyMutual.com (E-Mail Address)				617-574-5955 (Fax Number)	

OFFICERS

Chairman of the Board

Gary Richard Gregg

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

Gary Richard Gregg	Larry Wayne Becker	Michael Joseph Fallon #	Scott Rhodes Goodby
Christopher Charles Mansfield	Mary Ann Augustyn	John Derek Doyle	

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

Subscribed and sworn to before me this
2nd day of February, 2009

- a. Is this an original filing? 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)	4,400,057		4,400,057	8,362,039
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 (\$ (534,699), Schedule E - Part 1), cash equivalents (\$ 595,401, Schedule E - Part 2), and short-term investments (\$ 3,349,124, Schedule DA)	3,409,826		3,409,826	1,300,604
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	7,809,883		7,809,883	9,662,643
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	65,633		65,633	92,586
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	5,891,222		5,891,222	6,681,278
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	17,539,953		17,539,953	13,370,085
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets				228,981
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	31,306,691		31,306,691	30,035,573
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	31,306,691		31,306,691	30,035,573

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)				
2301. Other assets				228,981
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)				228,981

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses		79,761
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))	86,011	97,879
7.2 Net deferred tax liability	66,000	19,000
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 \$ 62,008,367 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)	9,529,318	14,041,253
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	13,488,469	8,955,453
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	1,019,861	
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	24,189,659	23,193,346
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	24,189,659	23,193,346
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	3,000,140	3,000,140
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	178,204	178,204
33. Unassigned funds (surplus)	3,938,688	3,663,883
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	7,117,032	6,842,227
36. Totals (Page 2, Line 26, Col. 3)	31,306,691	30,035,573

DETAILS OF WRITE-IN LINES		
2301. Other liabilities	66,087	
2302. Collateral held for securities loaned	953,774	
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,019,861	
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	506,255	510,067
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))		(181)
11. Net investment gain (loss) (Lines 9 + 10)	506,255	509,886
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		
15. Total other income (Lines 12 through 14)		
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	506,255	509,886
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)	506,255	509,886
19. Federal and foreign income taxes incurred	184,450	168,897
20. Net income (Line 18 minus Line 19) (to Line 22)	321,805	340,989
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	6,842,227	6,520,238
22. Net income (from Line 20)	321,805	340,989
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(47,000)	(19,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	274,805	321,989
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	7,117,032	6,842,227

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.		
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)		
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	(4,511,935)	5,840,595
2. Net investment income	495,190	464,556
3. Miscellaneous income		(160,001)
4. Total (Lines 1 through 3)	(4,016,745)	6,145,150
5. Benefit and loss related payments	(710,295)	115,880
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions		
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	196,319	201,096
10. Total (Lines 5 through 9)	(513,976)	316,976
11. Net cash from operations (Line 4 minus Line 10)	(3,502,769)	5,828,174
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	4,000,000	999,219
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,000,000	999,219
13. Cost of investments acquired (long-term only):		
13.1 Bonds		2,958,203
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)		2,958,203
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)	4,000,000	(1,958,984)
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		
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)	1,611,991	516,876
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	1,611,991	516,876
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	2,109,222	4,386,066
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,300,604	(3,085,462)
19.2 End of year (Line 18 plus Line 19.1)	3,409,826	1,300,604

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

20.0001		
20.0002		
20.0003		

NONE Underwriting and Investment Exhibit - Part 1

NONE Underwriting and Investment Exhibit - Part 1A

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
	Direct Business (a)	2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	2,103,485			2,103,485		
2. Allied lines	1,403,669			1,370,266	33,403	
3. Farmowners multiple peril	14,586,319			14,287,327	298,992	
4. Homeowners multiple peril	15,960,416			15,960,416		
5. Commercial multiple peril	35,883,895			35,491,465	392,430	
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	2,186,048			2,195,728	(9,680)	
10. Financial guaranty						
11.1 Medical malpractice—occurrence						
11.2 Medical malpractice—claims-made						
12. Earthquake	1,066,705			1,054,005	12,700	
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	9,877,383			9,871,366	6,017	
17.2 Other liability—claims-made						
18.1 Products liability—occurrence	1,332,742			1,332,742		
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	16,342,185			16,342,185		
19.3,19.4 Commercial auto liability	22,145,444			22,148,901	(3,457)	
21. Auto physical damage	18,382,617			18,382,617		
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft	18,154			18,154		
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	141,289,062			140,558,657	730,405	

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 \$

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

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	1,368,917		1,368,917					
2. Allied lines	441,517		441,517					
3. Farmowners multiple peril	28,764,905		28,764,905					
4. Homeowners multiple peril	9,996,739		9,996,739					
5. Commercial multiple peril	17,624,953		17,624,953					
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	801,991		801,991					
10. Financial guaranty								
11.1 Medical malpractice—occurrence								
11.2 Medical malpractice—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	101,194		101,194					
17.1 Other liability—occurrence	3,009,388		3,009,388					
17.2 Other liability—claims-made								
18.1 Products liability—occurrence	298,747		298,747					
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability	15,660,506		15,660,506					
19.3,19.4 Commercial auto liability	10,205,867		10,205,867					
21. Auto physical damage	8,539,904		8,539,904					
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	96,814,628		96,814,628					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	379,773		379,773		1,758,677		1,758,677		
2. Allied lines	18,840		18,840		39,391		39,391		
3. Farmowners multiple peril	13,292,379		13,292,379		1,807,319		1,807,319		
4. Homeowners multiple peril	3,418,469		3,418,469		1,347,504		1,347,504		
5. Commercial multiple peril	18,602,355		18,602,355		15,969,680		15,969,680		
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine	34,382		34,382		61,732		61,732		
10. Financial guaranty									
11.1 Medical malpractice—occurrence									
11.2 Medical malpractice—claims-made									
12. Earthquake									
13. Group accident and health									(a)
14. Credit accident and health (group and individual)									(a)
15. Other accident and health									
16. Workers' compensation	1,993,563		1,993,563						
17.1 Other liability—occurrence	2,038,420		2,038,420		10,114,663		10,114,663		
17.2 Other liability—claims-made									
18.1 Products liability—occurrence	1,022,388		1,022,388		1,352,713		1,352,713		
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	12,584,584		12,584,584		4,289,176		4,289,176		
19.3,19.4 Commercial auto liability	12,512,680		12,512,680		6,270,683		6,270,683		
21. Auto physical damage	552,957		552,957			(1)	(1)		
22. Aircraft (all perils)									
23. Fidelity					(34)		(34)		
24. Surety									
26. Burglary and theft					439		439		
27. Boiler and machinery					46,812		46,812		
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	66,450,790		66,450,790		43,058,755	(1)	43,058,754		

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	5,890,294			5,890,294
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	5,890,294			5,890,294
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent		22,478,562		22,478,562
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		22,478,562		22,478,562
2.4 Contingent—direct		2,412,404		2,412,404
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		2,412,404		2,412,404
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)				
3. Allowances to manager and agents				
4. Advertising			28	28
5. Boards, bureaus and associations			1	1
6. Surveys and underwriting reports			14	14
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			2,603	2,603
8.2 Payroll taxes			145	145
9. Employee relations and welfare			148	148
10. Insurance			5	5
11. Directors' fees				
12. Travel and travel items			50	50
13. Rent and rent items			58	58
14. Equipment			53	53
15. Cost or depreciation of EDP equipment and software			17	17
16. Printing and stationery			7	7
17. Postage, telephone and telegraph, exchange and express			19	19
18. Legal and auditing			220	220
19. Totals (Lines 3 to 18)			3,368	3,368
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			325	325
25. Total expenses incurred			3,693	3,693 (a)
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)			3,693	3,693

DETAILS OF WRITE-IN LINES				
2401. Other expenses			325	325
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)			325	325

(a) Includes management fees of \$ 3,693 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) 395,455	373,726
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
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) 111,550	106,326
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	29,896	29,896
10. Total gross investment income	536,901	509,948
11. Investment expenses		(g) 3,693
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)		3,693
17. Net investment income (Line 10 minus Line 16)		506,255

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income / (Expense)		29,896	29,896
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)		29,896	29,896
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 \$ 39,522 accrual of discount less \$ 1,504 amortization of premium and less \$ 0 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 \$ 9,509 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

NONE

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

NONE Exhibit of Nonadmitted Assets

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Oregon, the accompanying financial statements of North Pacific 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 uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office ("SVO Manual").
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. The Company does not own common stocks.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. The Company does not own mortgage backed/asset backed securities.
7. The Company does not own any subsidiaries, controlled, or affiliated entities.
8. The Company does not own any joint ventures, partnerships or limited liability companies.
9. Derivative Securities refer to Note 8.
10. Refer to Note 29.
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 2008.
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.

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

The Company has no loan-backed securities.

E. Repurchase Agreements

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

2. The Company maintained collateral for loaned securities.

a) For loaned securities, Company policies require a minimum of 102% of the fair value of securities loaned to be maintained as collateral.

b) The Company has not pledged any of its assets as collateral.

3. Aggregate amount of contractually obligated open collateral positions for which the borrower may request the return of on demand:

	Under 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Total
Fair value of open reinvested collateral positions	560,419	13,993	34,982	344,380	953,774

4. Sources of collateral are cash and securities. Cash collateral is reinvested by the lending agent in short-term securities. The Company does not reinvest securities received as collateral.

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

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

Not applicable

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.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2008.

Note 8- Derivative Instruments

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

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

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

	December 31, 2008	December 31, 2007	Change
Total of gross deferred tax assets	21,000	5,000	16,000
Total of deferred tax liabilities	(87,000)	(24,000)	(63,000)
Net deferred tax asset (liability)	(66,000)	(19,000)	(47,000)
Net deferred tax asset non-admitted	0	0	0
Net admitted deferred tax asset (liability)	(66,000)	(19,000)	(47,000)

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

	2008	2007
Federal tax on operations	184,450	168,897
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	184,450	168,897
Tax on capital gains	0	(98)
Total income tax incurred	184,450	168,799

The Company's deferred tax assets and liabilities result primarily from the reversal of discount accretion on bonds and unrealized gains/losses.

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

	2008
Change in net deferred income tax (without unrealized gain or loss)	(47,000)
Tax effect of unrealized (gains) losses	0
Total change in net deferred income tax	(47,000)

- D. Effective tax rates approximate the current statutory rate of 35%.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$99,000 from the current year and \$169,000 from the preceding year.

The Company had no net loss carryforward 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.	Liberty Mutual Group Inc.
AMBCO Capital Corporation	Liberty Mutual Holding Company Inc.
America First Insurance Company	Liberty Mutual Insurance Company
America First Lloyds Insurance Company	Liberty Mutual Personal Insurance Company
American Ambassador Casualty Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company*	Liberty Personal Insurance Company
American Fire & Casualty Company	Liberty RE (Bermuda) Limited
American States Insurance Company*	Liberty Sponsored Insurance (Vermont) Inc.
American States Insurance Company of Texas*	Liberty Surplus Insurance Corporation
American States Lloyds Insurance Company*	LIH U.S. P&C Corporation
American States Preferred Insurance*	LIH-RE of America Corporation
Avomark Insurance Company	LIU Specialty Insurance Agency Inc.
Berkeley Holding Company Associates, Inc.	LM General Insurance Company
Berkeley Management Corporation	LM Insurance Corporation
Bridgefield Casualty Insurance Company	LM Personal Insurance Company
Bridgefield Employers Insurance Company	LM Property & Casualty Insurance Company
Capitol Court Corporation*	LMHC Massachusetts Holdings Inc.
Capitol Agency, Inc., The (Arizona corporation)	LRE Properties, Inc.
Capitol Agency, Inc., The (Ohio corporation)	Mid-American Agency, Inc.
Capitol Agency, Inc., The (Tennessee corporation)	Mid-American Fire & Casualty Company
Cascade Disability Management, Inc.	Missouri Agency, Inc.
Colorado Casualty Insurance Company	North Pacific Insurance Company
Commercial Aviation Insurance, Inc.*	OCASCO Budget, Inc.

NOTES TO FINANCIAL STATEMENTS

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

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

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 outstanding shares of the Company are owned by Liberty Northwest Insurance Corporation (“LNW”), an insurance company incorporated in the state of Oregon. As of December 31, 2008, LNW is wholly owned by Peerless Insurance Company (“PIC”), an insurance company incorporated in the state of New Hampshire. The parent of PIC is LIH US P&C Corporation, a Delaware company. LIH US P&C Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company (LMIC 93%), an insurance company incorporated in Massachusetts, Liberty Mutual Fire Insurance Company (LMFIC 4%), a Wisconsin insurance company, and Employers Insurance Company of Wausau (EICOW 3%), a Wisconsin insurance company. The ultimate parent of LMIC, LMFIC and EICOW is Liberty Mutual Holding Company, Inc., a Massachusetts company.
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.

NOTES TO FINANCIAL STATEMENTS

- C. Refer to Notes 10F, 22 and 25.
- D. At December 31, 2008, the Company reported \$4,051,484 due from affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates that result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. Refer to Note 25 for information regarding the 100% Quota Share Reinsurance Agreement.

Effective January 1, 2006, the Company entered into a Management Services Agreement with LMIC.

Effective January 1, 2006, the Company was added as a party to an existing Services Agreement PIC and other affiliated insurance companies of the Liberty Mutual Group via Amendment 4 to the Services Agreement.

The Company entered into investment management agreements, effective January 1, 2007 with LMIC and effective February 27, 2002 with Liberty Mutual Investment Advisors LLC (LMIA). Under these agreements, LMIC and LMIA provide investment management services to the Company. Under these agreements LMIC and LMIA provided investment management services to the Company.

The Company is a party to a memorandum of understanding with LNW whereby LNW provides information technology infrastructure, payroll, administrative and other ancillary services to the Company.

The Company entered into a cash management agreement with LMIA effective February 27, 2002.

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

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company has no investments in subsidiary, controlled or affiliated companies.
- J. Impairment of subsidiaries
Refer to 10 I
- K. Investment in foreign insurance subsidiaries.
Refer to 10 I
- L. Investment in downstream noninsurance holding companies.
Refer to 10 I

Note 11- Debt

- A. Capital Notes
Not applicable
- B. All Other Debt
Not applicable

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 10F.

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

1. Common Stock
The Company has 20,000 shares authorized, 11,539 shares issued and outstanding as of December 31, 2008. All shares have a stated par value of \$260.
2. Preferred Stock
Not applicable
3. Dividend Restrictions
There are no dividend restrictions.

NOTES TO FINANCIAL STATEMENTS

4. The Company did not pay a dividend to its parent during 2008.
5. The maximum amount of dividends that can be paid by Oregon-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus, or (b) net income. The maximum dividend payout that may be made without prior approval in 2009 is \$711,703.
6. The Company does not have restricted unassigned surplus.
7. The Company had no advances to surplus.
8. The Company did not hold stock for special purposes.
9. The Company does not hold special surplus funds.
10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$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 no commitments or contingent commitments to affiliates or other entities except as indicated in Note 10 E. The Company has made no guarantees on behalf of affiliates.

B. Assessments

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

As a result of an inter-company reinsurance arrangement (see Note 25), all guaranty fund and other assessments liabilities are ceded to Peerless Insurance Company.

C. Gain Contingencies

Not applicable

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

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

E. All other Contingencies

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

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

Note 15- Leases

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with PIC (see Note 25), the Company has no net lease obligations.

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 with concentration of credit risk.

NOTES TO FINANCIAL STATEMENTS

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

A. Transfers of Receivables reported as sales

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

B. Transfers and servicing of financial assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the fair value of the loaned securities. Acceptable collateral may be in the form of cash, Agency and U.S. Government securities. The fair value of the loaned securities is monitored and additional collateral is obtained if the fair value of the collateral falls below 102% of the fair value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2008 the total fair value of fixed maturities on loan was \$948,576 with corresponding collateral value of \$985,011 of which \$953,774 represents cash collateral.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

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 through managing general agents or third party administrators.

Note 20- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of \$1,268,489 and \$1,267,087 as of December 31, 2008 and 2007, respectively, were on deposit with government authorities or trustees as required by law.

D. As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with PIC (see Note 25), the Company has no net exposure to uncollectible premium receivable balances.

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

H. The Company has not entered into Federal Home Loan Bank Agreements.

Note 21- Events Subsequent

There were no events subsequent to December 31, 2008 that would require disclosure.

NOTES TO FINANCIAL STATEMENTS

Note 22- Reinsurance

- A. Excluding amounts arising pursuant to the Inter-Company 100 % Quota Share Reinsurance Agreement, as described in Note 25, the following are the unsecured reinsurance recoverables of an individual reinsurer which exceed 3% of policyholders surplus.

<u>Reinsurer</u>	<u>NAIC Co.</u>	<u>Fed ID #</u>	<u>Recoverable Amount</u>
OneBeacon Insurance Company	21970	23-1502700	\$9,295,000

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

- C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2008.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net Reinsurance</u>	
	<u>UEP</u>	<u>Commission Equity</u>	<u>UEP</u>	<u>Commission Equity</u>	<u>UEP</u>	<u>Commission Equity</u>
Affiliates	\$0	\$0	\$61,934,086	\$11,227,875	\$(61,934,086)	\$(11,227,875)
All Other	0	0	74,281	25,980	(74,281)	(25,980)
Total	\$0	\$0	\$62,008,367	\$11,253,855	\$(62,008,367)	\$(11,253,855)

Direct unearned premium reserve of \$62,008,367

2. There are no sliding scale adjustments, or other profit sharing commissions for direct, assumed or ceded business. Following are the contingent commissions for direct, assumed and ceded business.

Direct	\$3,233,631
Assumed	0
Ceded	(3,233,631)
Net	<u>\$0</u>

- D. The Company did not write off any uncollectible balances in 2008.
- E. The Company does not have ceded commutations.
- F. The Company does not have any retroactive reinsurance agreements.
- G. The Company has not entered into any deposit type reinsurance agreements as of December 31, 2008.

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with PIC (See Note 25), the Company does not have net accrued retrospective premiums.

Note 24 - Changes in Incurred Losses and Loss Adjustment Expenses

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with PIC (see Note 25), the Company has no net exposure to changes in incurred losses and loss adjustment expenses.

Note 25- Intercompany Pooling Arrangements

The Company participates in an Inter-Company 100% Quota Share Reinsurance Agreement with PIC, the Lead Company in the Peerless Insurance Company Pool. Pursuant to the Agreement, after external reinsurance, the Company cedes its net underwriting activity to PIC.

Note 26- Structured Settlements

- A. As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with PIC (see Note 25), the Company has no net exposure to contingent liabilities from the purchase of annuities.
- B. Not applicable

Note 27 - Health Care Receivables

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 28 - Participating Policies

Not applicable

Note 29 – Premium Deficiency Reserves

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with PIC (see Note 25), the Company has no net exposure to liabilities related to premium deficiency reserves.

Note 30- High Dollar Deductible Policies

Not applicable.

Note 31- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Not applicable

Note 32 - Asbestos/Environmental Reserves

As a result of the Inter-Company 100% Quota Share Reinsurance Agreement with PIC (see Note 25), the Company has no net exposure to asbestos and environmental claims.

Note 33- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 34 - Multiple Peril Crop Insurance

Not applicable

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. 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 M. Finn, FCAS, MAAA
 62 Maple Avenue, Keene, NH 03431
 Vice President & Chief Actuary of Liberty Mutual Agency Markets

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

11.11 Name of real estate holding company _____
 11.12 Number of parcels involved _____
 11.13 Total book/adjusted carrying value \$ _____

11.2 If yes, provide explanation:

.....

GENERAL INTERROGATORIES

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

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

.....

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes No

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes No

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes No N/A

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

- (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

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

.....

13.2 Has the code of ethics for senior managers been amended?

Yes No

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

Liberty Mutual Group's Code of Business Ethics and Conduct was revised effective March 2008. It continues to contain all substantive areas of company policy and requirements included in the prior Code, but has been rewritten to enhance clarity and readability and provide additional practical guidance. This applies to all Liberty Mutual Group companies.

.....

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes No

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

.....

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes No

15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes No

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes No

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes No

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

18.11 To directors or other officers	\$	0
18.12 To stockholders not officers	\$	0
18.13 Trustees, supreme or grand (Fraternal only)	\$	0

GENERAL INTERROGATORIES

- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---|----|---|
| | 18.21 To directors or other officers | \$ | 0 |
| | 18.22 To stockholders not officers | \$ | 0 |
| | 18.23 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 19.1 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
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|----------------------------|----|--|
| | 19.21 Rented from others | \$ | |
| | 19.22 Borrowed from others | \$ | |
| | 19.23 Leased from others | \$ | |
| | 19.24 Other | \$ | |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
- 20.2 If answer is yes:
- | | | | |
|--|--|----|--|
| | 20.21 Amount paid as losses or risk adjustment | \$ | |
| | 20.22 Amount paid as expenses | \$ | |
| | 20.23 Other amounts paid | \$ | |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes No
- 22.2 If no, give full and complete information relating thereto:

- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)
 Please reference to Note 17B.

- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No
- 22.5 If answer to 22.4 is yes, report amount of collateral. \$ _____ 985,011
- 22.6 If answer to 22.4 is no, report amount of collateral. \$ _____
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.) Yes No
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|--|----|-----------|
| | 23.21 Subject to repurchase agreements | \$ | |
| | 23.22 Subject to reverse repurchase agreements | \$ | |
| | 23.23 Subject to dollar repurchase agreements | \$ | |
| | 23.24 Subject to reverse dollar repurchase agreements | \$ | |
| | 23.25 Pledged as collateral | \$ | |
| | 23.26 Placed under option agreements | \$ | |
| | 23.27 Letter stock or securities restricted as to sale | \$ | |
| | 23.28 On deposit with state or other regulatory body | \$ | 1,268,490 |
| | 23.29 Other | \$ | 0 |

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	3 Chase Metro Tech Center, Brooklyn, NY 11245

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

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

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

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

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

26.05 Identify all investment advisors, 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 Insurance Company	75 Berkeley St., Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LL	75 Berkeley St., Boston, MA 02116

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	8,344,582	8,763,010	418,428
28.2 Preferred stocks	0	0	0
28.3 Totals	8,344,582	8,763,010	418,428

28.4 Describe the sources or methods utilized in determining the fair values:
IDC, Bloomberg, NAIC-SVO, Broker Quotes, Analytically Determined.

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes No

29.2 If no, list exceptions:

.....

OTHER

30.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any?

\$ _____ 0

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

1 Name	2 Amount Paid
.....	0
.....	0
.....	0

31.1 Amount of payments for legal expenses, if any?

\$ _____ 0

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

1 Name	2 Amount Paid
.....	0
.....	0
.....	0

GENERAL INTERROGATORIES

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

\$ _____ 0

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

1 Name	2 Amount Paid
	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. \$ _____

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

1.31 Reason for excluding

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 0		\$ 0	
2.2 Premium Denominator	\$ 0		\$ 0	
2.3 Premium Ratio (2.1/2.2)	0.00		0.00	
2.4 Reserve Numerator	\$ 0		\$ 0	
2.5 Reserve Denominator	\$ 0		\$ 79,761	
2.6 Reserve Ratio (2.4/2.5)	0.00		0.00	

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

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

3.21 Participating policies \$ 282,944

3.22 Non-participating policies \$ 141,006,119

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? _____

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

5. For Reciprocal Exchanges Only:

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

In 2008 the Company purchased Workers' Compensation Catastrophe reinsurance separately and/or with the Liberty Mutual Group with limits of \$1,038m part of \$1,175m xs \$25m.

.....

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 V7.0 from RMS and AIR Classic/2 v8.0 For WC, Liberty Mutual utilizes RiskLink v7.0 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?
 The Company has in force \$700m part of \$800m xs \$50m of traditional XOL reins. Additionally, traditional XOL reins. with limits of \$20m xs \$30m was purchased for risks in the Midwest. Also, in Dec 2008 the Company purchased a 31.725% QS treaty for its US HO portfolio.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophe 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 [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 1
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No [X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
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 [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|--|---|--|---------------------------------|
| | 12.11 Unpaid losses | | \$ _____ |
| | 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ <u> 0 </u> |
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ _____
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] 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 | | _____ |
| | 12.42 To | | _____ |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by 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 [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|--|----------------------------------|--|----------|
| | 12.61 Letters of Credit | | \$ _____ |
| | 12.62 Collateral and other funds | | \$ _____ |
- 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 [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. _____ 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Premiums and recoverables were allocated pursuant to separate intercompany agreements.

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] 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 [X]
- 15.2 If yes, give full information

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

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

Yes [] No [X]

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2008	2007	2006	2005	2004
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	49,697,754	53,352,877	53,293,775	54,810,384	54,301,208
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	25,160,678	28,924,121	30,927,624	32,981,914	33,903,227
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	66,430,630	66,059,287	60,522,233	56,344,366	55,826,029
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)			(237)	14,202	35,018
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	141,289,062	148,336,285	144,743,395	144,150,866	144,065,482
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)				127,343	181,540
14. Net investment gain (loss) (Line 11)	506,255	509,886	345,238		
15. Total other income (Line 15)				(127,343)	(181,540)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	184,450	168,897	125,000		
18. Net income (Line 20)	321,805	340,989	220,238		
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	31,306,691	30,035,573	35,169,208	6,300,000	6,300,000
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)					
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	24,189,659	23,193,346	28,648,970		
22. Losses (Page 3, Line 1)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 28 & 29)	3,000,140	3,000,140	3,000,140	1,500,070	1,500,070
26. Surplus as regards policyholders (Page 3, Line 35)	7,117,032	6,842,227	6,520,238	6,300,000	6,300,000
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(3,502,769)	5,828,174	2,125,418	35,832	(31,292)
Risk-Based Capital Analysis					
28. Total adjusted capital	7,117,032	6,842,227	6,520,238	6,300,000	6,300,000
29. Authorized control level risk-based capital	916,226	944,979	1,604,207	1,226,082	1,668,791
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	56.3	86.5	193.9	193.1	174.6
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	43.7	13.5	(93.9)	(93.1)	(74.6)
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)					
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)					
43. Affiliated short-term investments (Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2008	2007	2006	2005	2004
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)					
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	274,805	321,989	220,238		
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	29,275,702	23,604,022	22,657,446	28,621,049	36,401,930
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	11,152,329	12,068,823	16,598,262	11,354,285	11,975,276
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	56,386,597	37,599,500	24,232,923	20,076,538	32,037,005
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
56. Total (Line 35)	96,814,628	73,272,345	63,488,631	60,051,872	80,414,211
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
62. Total (Line 35)					
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)					
65. Loss expenses incurred (Line 3)					
66. Other underwriting expenses incurred (Line 4)					
67. Net underwriting gain (loss) (Line 8)					
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)					
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)					
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)					
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)					
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)					
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)					

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	617	617	190	190	4	4		X X X	
2. 1999	149,224	149,224		91,250	91,250	7,834	7,834	8,272	8,272		X X X	
3. 2000	144,460	144,460		82,937	82,937	6,117	6,117	1,278	1,278		X X X	
4. 2001	133,438	133,438		72,975	72,975	4,462	4,462	2,446	2,446		X X X	
5. 2002	124,147	124,147		64,107	64,107	3,873	3,873	6,640	6,640		X X X	
6. 2003	134,102	134,102		52,330	52,330	2,246	2,246	4,161	4,161		X X X	
7. 2004	140,592	140,592		58,806	58,806	2,406	2,406	60	60		X X X	
8. 2005	142,645	142,645		65,003	65,003	2,784	2,784	46	46		X X X	
9. 2006	142,927	142,927		61,128	61,128	1,036	1,036	98	98		X X X	
10. 2007	145,655	145,655		57,712	57,712	950	950	273	273		X X X	
11. 2008	143,717	143,717		60,686	60,686	407	407	680	680		X X X	
12. Totals	X X X	X X X	X X X	667,551	667,551	32,305	32,305	23,958	23,958		X X X	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	4,747	4,747	743	743			141	141	186	186			X X X
2. 1999	874	874	129	129			61	61	51	51			X X X
3. 2000	1,695	1,695	195	195			100	100	101	101			X X X
4. 2001	1,441	1,441	334	334			210	210	94	94			X X X
5. 2002	652	652	660	660			389	389	91	91			X X X
6. 2003	265	265	1,173	1,173			597	597	115	115			X X X
7. 2004	1,444	1,444	1,838	1,838			808	808	230	230			X X X
8. 2005	3,653	3,653	2,658	2,658			1,425	1,425	408	408			X X X
9. 2006	6,185	6,185	4,882	4,882			2,702	2,702	736	736			X X X
10. 2007	12,362	12,362	10,274	10,274			4,188	4,188	1,566	1,566			X X X
11. 2008	33,133	33,133	20,174	20,174			5,025	5,025	3,892	3,892			X X X
12. Totals	66,451	66,451	43,060	43,060			15,646	15,646	7,470	7,470			X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2. 1999	108,471	108,471		72,690	72,690						
3. 2000	92,423	92,423		63,978	63,978						
4. 2001	81,962	81,962		61,423	61,423						
5. 2002	76,412	76,412		61,550	61,550						
6. 2003	60,887	60,887		45,403	45,403						
7. 2004	65,592	65,592		46,654	46,654						
8. 2005	75,977	75,977		53,263	53,263						
9. 2006	76,767	76,767		53,711	53,711						
10. 2007	87,325	87,325		59,953	59,953						
11. 2008	123,997	123,997		86,279	86,279						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X		

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.

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

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	L							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	L	15,189,595	15,322,700	11,690,445	12,933,630	7,413,477	117,146	
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	L	2,660,264	2,414,008	1,037,364	1,031,641	879,313	10,650	
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	L	67,273,117	68,369,474	37,793,399	41,104,885	49,055,456	521,834	
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	L			(153)	847	335,363		
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	L	56,166,087	57,610,731	46,293,572	55,650,636	51,825,938	415,337	
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 6		141,289,063	143,716,913	96,814,627	110,721,639	109,509,547	1,064,967	

DETAILS OF WRITE-INS	1	2	3	4	5	6	7	8	9
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								

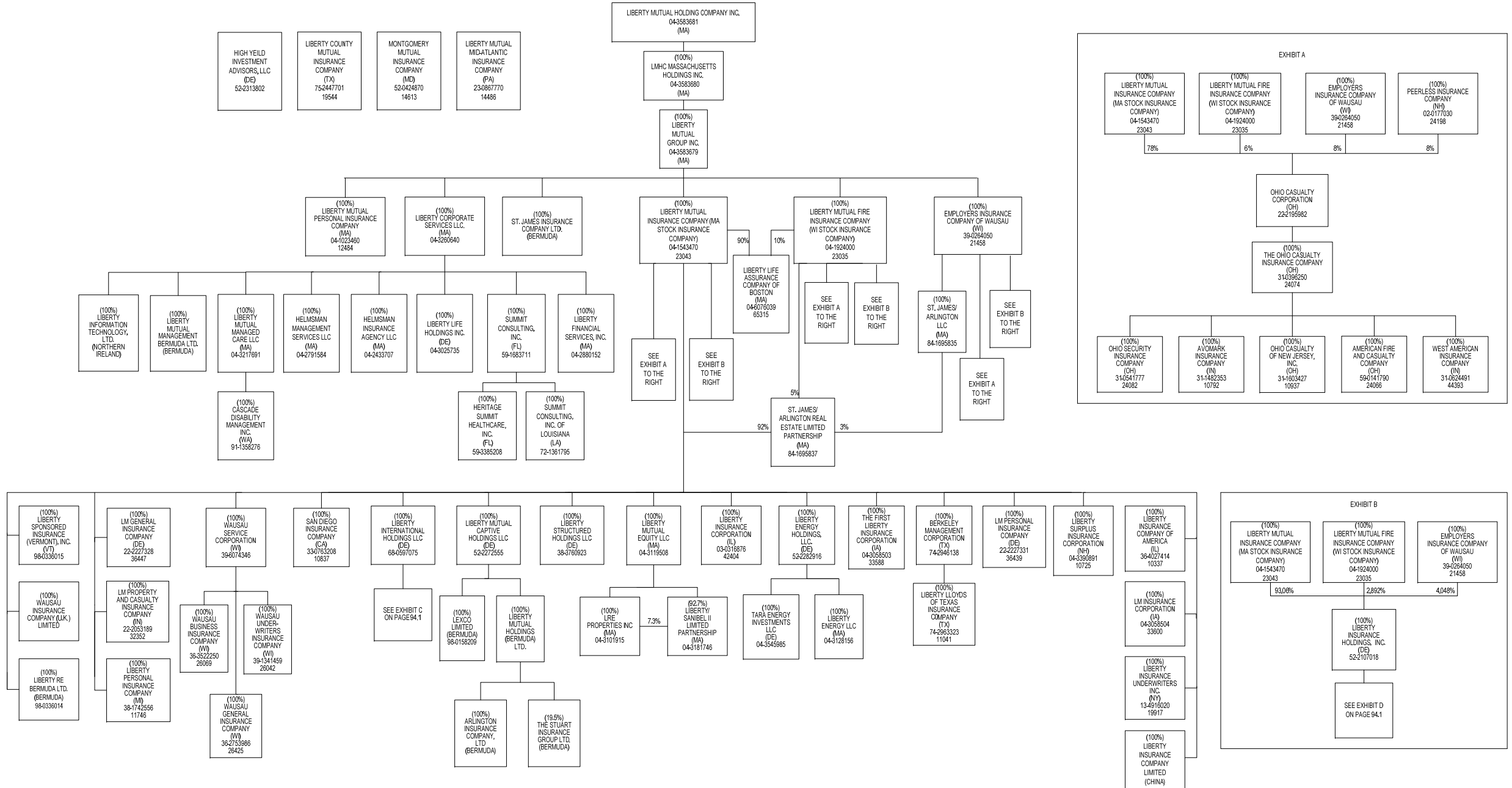
Explanation of basis of allocation of premiums by states, etc.

- | | |
|---|--|
| <ul style="list-style-type: none"> *Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery *States of Jurisdiction under which payrolls and resulting premiums are developed - Workers' Compensation *Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage *Principal Location of business or location of coverage - Liability other than Auto, Fidelity *Point of origin of shipment or principal location of assured - Inland Marine *State in which employees regularly work - Group Accident and Health | <ul style="list-style-type: none"> *Location of Court - Surety *Address of Assured - Other Accident and Health *Location of Properties covered - Burglary and Theft *Principal Location of Assured - Ocean Marine, Credit *Primary Residence of Assured - Aircraft (all perils) |
|---|--|

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

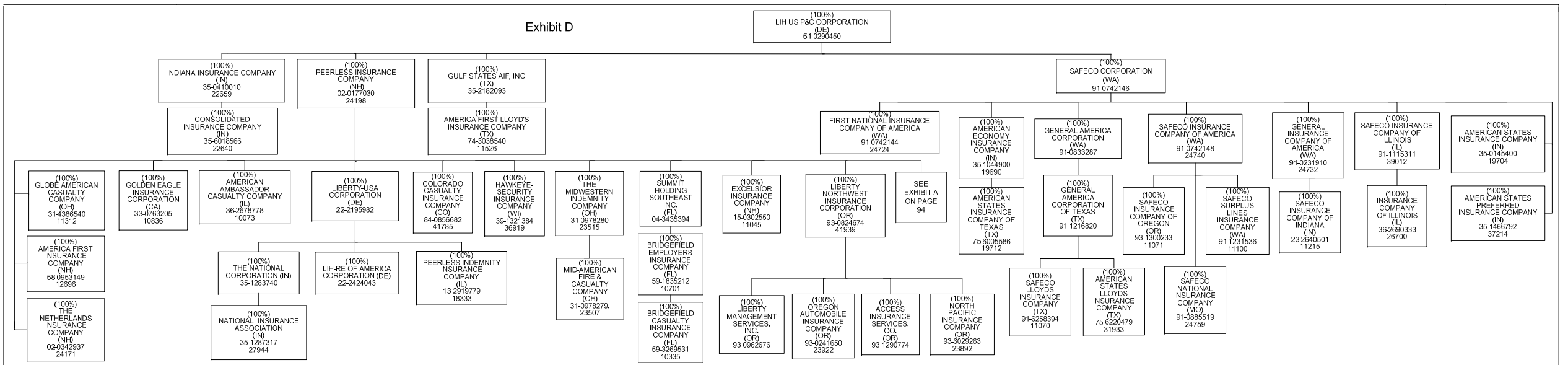
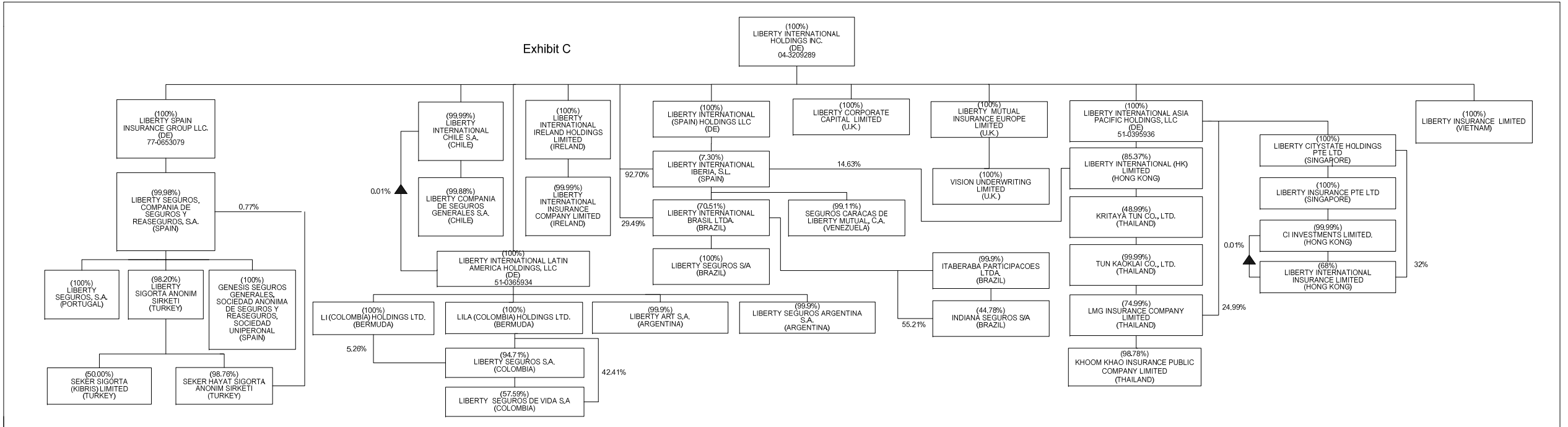
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



94.1

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule P – Part 2F – Section 2 – Medical Malpractice – Claims – Made	56
Cash Flow	5	Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	56
Exhibit of Capital Gains (Losses)	12	Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	56
Exhibit of Net Investment Income	12	Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	56
Exhibit of Nonadmitted Assets	13	Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	57
Exhibit of Premiums and Losses (State Page)	19	Schedule P – Part 2J – Auto Physical Damage	57
Five-Year Historical Data	17	Schedule P – Part 2K – Fidelity, Surety	57
General Interrogatories	15	Schedule P – Part 2L – Other (Including Credit, Accident and Health)	57
Jurat Page	1	Schedule P – Part 2M – International	57
Liabilities, Surplus and Other Funds	3	Schedule P – Part 2N – Reinsurance	58
Notes To Financial Statements	14	Schedule P – Part 2O – Reinsurance	58
Overflow Page For Write-ins	97	Schedule P – Part 2P – Reinsurance	58
Schedule A – Part 1	E01	Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	59
Schedule A – Part 2	E02	Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	59
Schedule A – Part 3	E03	Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	59
Schedule A – Verification Between Years	SI02	Schedule P – Part 2T – Warranty	59
Schedule B – Part 1	E04	Schedule P – Part 3A – Homeowners/Farmowners	60
Schedule B – Part 2	E05	Schedule P – Part 3B – Private Passenger Auto Liability/Medical	60
Schedule B – Part 3	E06	Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	60
Schedule B – Verification Between Years	SI02	Schedule P – Part 3D – Workers' Compensation	60
Schedule BA – Part 1	E07	Schedule P – Part 3E – Commercial Multiple Peril	60
Schedule BA – Part 2	E08	Schedule P – Part 3F – Section 1 – Medical Malpractice – Occurrence	61
Schedule BA – Part 3	E09	Schedule P – Part 3F – Section 2 – Medical Malpractice – Claims-Made	61
Schedule BA – Verification Between Years	SI03	Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	61
Schedule D – Part 1	E10	Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	61
Schedule D – Part 1A – Section 1	SI05	Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	61
Schedule D – Part 1A – Section 2	SI08	Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	62
Schedule D – Part 2 – Section 1	E11	Schedule P – Part 3J – Auto Physical Damage	62
Schedule D – Part 2 – Section 2	E12	Schedule P – Part 3K – Fidelity/Surety	62
Schedule D – Part 3	E13	Schedule P – Part 3L – Other (Including Credit, Accident and Health)	62
Schedule D – Part 4	E14	Schedule P – Part 3M – International	62
Schedule D – Part 5	E15	Schedule P – Part 3N – Reinsurance	63
Schedule D – Part 6 – Section 1	E16	Schedule P – Part 3O – Reinsurance	63
Schedule D – Part 6 – Section 2	E16	Schedule P – Part 3P – Reinsurance	63
Schedule D – Summary By Country	SI04	Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	64
Schedule D – Verification Between Years	SI03	Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	64
Schedule DA – Part 1	E17	Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	64
Schedule DA – Verification Between Years	SI11	Schedule P – Part 3T – Warranty	64
Schedule DB – Part A – Section 1	E18	Schedule P – Part 4A – Homeowners/Farmowners	65
Schedule DB – Part A – Section 2	E18	Schedule P – Part 4B – Private Passenger Auto Liability/Medical	65
Schedule DB – Part A – Section 3	E19	Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	65
Schedule DB – Part A – Verification Between Years	SI12	Schedule P – Part 4D – Workers' Compensation	65
Schedule DB – Part B – Section 1	E19	Schedule P – Part 4E – Commercial Multiple Peril	65
Schedule DB – Part B – Section 2	E20	Schedule P – Part 4F – Section 1 – Medical Malpractice – Occurrence	66
Schedule DB – Part B – Section 3	E20	Schedule P – Part 4F – Section 2 – Medical Malpractice – Claims-Made	66
Schedule DB – Part B – Verification Between Years	SI12	Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	66
Schedule DB – Part C – Section 1	E21	Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	66
Schedule DB – Part C – Section 2	E21	Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	66
Schedule DB – Part C – Section 3	E22		
Schedule DB – Part C – Verification Between Years	SI13		
Schedule DB – Part D – Section 1	E22		
Schedule DB – Part D – Section 2	E23		
Schedule DB – Part D – Section 3	E23		

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Schedule DB – Part D – Verification Between Years	SI13	Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	67
Schedule DB – Part E – Section 1	E24	Schedule P – Part 4J – Auto Physical Damage	67
Schedule DB – Part E – Verification	SI13	Schedule P – Part 4K – Fidelity/Surety	67
Schedule DB – Part F – Section 1	SI14	Schedule P – Part 4L – Other (Including Credit, Accident and Health)	67
Schedule DB – Part F – Section 2	SI15	Schedule P – Part 4M – International	67
Schedule E – Part 1 – Cash	E25	Schedule P – Part 4N – Reinsurance	68
Schedule E – Part 2 – Cash Equivalents	E26	Schedule P – Part 4O – Reinsurance	68
Schedule E – Part 3 – Special Deposits	E27	Schedule P – Part 4P – Reinsurance	68
Schedule E – Verification Between Years	SI16	Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	69
Schedule F – Part 1	20	Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	69
Schedule F – Part 2	21	Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	69
Schedule F – Part 3	22	Schedule P – Part 4T – Warranty	69
Schedule F – Part 4	23	Schedule P – Part 5A – Homeowners/Farmowners	70
Schedule F – Part 5	24	Schedule P – Part 5B – Private Passenger Auto Liability/Medical	71
Schedule F – Part 6	25	Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	72
Schedule F – Part 7	26	Schedule P – Part 5D – Workers' Compensation	73
Schedule F – Part 8	27	Schedule P – Part 5E – Commercial Multiple Peril	74
Schedule H – Accident and Health Exhibit – Part 1	28	Schedule P – Part 5F – Medical Malpractice – Claims-Made	76
Schedule H – Part 2, Part 3 and Part 4	29	Schedule P – Part 5F – Medical Malpractice – Occurrence	75
Schedule H – Part 5 – Health Claims	30	Schedule P – Part 5H – Other Liability – Claims-Made	78
Schedule P – Part 1 – Analysis of Losses and Loss Expenses	31	Schedule P – Part 5H – Other Liability – Occurrence	77
Schedule P – Part 1A – Homeowners/Farmowners	33	Schedule P – Part 5R – Products Liability – Claims-Made	80
Schedule P – Part 1B – Private Passenger Auto Liability/Medical	34	Schedule P – Part 5R – Products Liability – Occurrence	79
Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	35	Schedule P – Part 5T – Warranty	81
Schedule P – Part 1D – Workers' Compensation	36	Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	82
Schedule P – Part 1E – Commercial Multiple Peril	37	Schedule P – Part 6D – Workers' Compensation	82
Schedule P – Part 1F – Section 1 – Medical Malpractice – Occurrence	38	Schedule P – Part 6E – Commercial Multiple Peril	83
Schedule P – Part 1F – Section 2 – Medical Malpractice – Claims-Made	39	Schedule P – Part 6H – Other Liability – Claims-Made	84
Schedule P – Part 1G - Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	40	Schedule P – Part 6H – Other Liability – Occurrence	83
Schedule P – Part 1H – Section 1 – Other Liability – Occurrence	41	Schedule P – Part 6M – International	84
Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	42	Schedule P – Part 6N – Reinsurance	85
Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	43	Schedule P – Part 6O – Reinsurance	85
Schedule P – Part 1J – Auto Physical Damage	44	Schedule P – Part 6R – Products Liability – Claims-Made	86
Schedule P – Part 1K – Fidelity/Surety	45	Schedule P – Part 6R – Products Liability – Occurrence	86
Schedule P – Part 1L – Other (Including Credit, Accident and Health)	46	Schedule P – Part 7A – Primary Loss Sensitive Contracts	87
Schedule P – Part 1M – International	47	Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	89
Schedule P – Part 1N – Reinsurance	48	Schedule P Interrogatories	91
Schedule P – Part 1O – Reinsurance	49	Schedule T – Exhibit of Premiums Written	92
Schedule P – Part 1P – Reinsurance	50	Schedule T – Part 2 – Interstate Compact	93
Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	51	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	52	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	95
Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	53	Statement of Income	4
Schedule P – Part 1T – Warranty	54	Summary Investment Schedule	SI01
Schedule P – Part 2, Part 3 and Part 4 - Summary	32	Supplemental Exhibits and Schedules Interrogatories	96
Schedule P – Part 2A – Homeowners/Farmowners	55	Underwriting and Investment Exhibit Part 1	6
Schedule P – Part 2B – Private Passenger Auto Liability/Medical	55	Underwriting and Investment Exhibit Part 1A	7
Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	55	Underwriting and Investment Exhibit Part 1B	8
Schedule P – Part 2D – Workers' Compensation	55	Underwriting and Investment Exhibit Part 2	9
Schedule P – Part 2E – Commercial Multiple Peril	55	Underwriting and Investment Exhibit Part 2A	10
Schedule P – Part 2F – Section 1 – Medical Malpractice – Occurrence	56	Underwriting and Investment Exhibit Part 3	11