



ANNUAL STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2007
 OF THE CONDITION AND AFFAIRS OF THE
THE OHIO CASUALTY INSURANCE COMPANY

NAIC Group Code 0111, 0148 NAIC Company Code 24074 Employer's ID Number 31-0396250
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated/Organized November 6, 1919 Commenced Business March 1, 1920

Statutory Home Office 9450 Seward Road, Fairfield, Ohio 45014
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 9450 Seward Road, Fairfield, Ohio 45014 513-603-2400
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 9450 Seward Road, Fairfield, Ohio 45014
(Street and Number or P. O. Box, City or Town, State and Zip Code)

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

Internet Website Address http://www.libertymutual.com

Statutory Statement Contact Elizabeth A. Busby 513-603-2271
(Name) (Area Code) (Telephone Number) (Extension)
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OFFICERS

Gary Richard Gregg# (Chairman/Pres/CEO)
 Edmund Campion Kenealy# (Secretary)
 James Francis Dore# (CFO/Treasurer)

OTHER OFFICERS

Anthony Alexander Fontanes# (Executive VP/CIO)
 Joseph Anthony Gilles# (Executive VP)
 Scott Rhodes Goodby# (Executive VP/COO)

DIRECTORS OR TRUSTEES

Gary Richard Gregg#
 James Francis Dore#
 John Derek Doyle#
 Joseph Anthony Gilles#
 Scott Rhodes Goodby#
 Christopher Charles Mansfield#

State of Massachusetts }
 County of Suffolk } SS

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

 Gary Richard Gregg#
 Chairman/Pres/CEO

 Edmund Campion Kenealy#
 Secretary

 James Francis Dore#
 CFO/Treasurer

Subscribed and sworn to before me this
 31st day of January, 2008

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	3,187,884,819		3,187,884,819	2,939,354,845
2. Stocks (Schedule D):				
2.1 Preferred stocks	84,226,726		84,226,726	84,838,574
2.2 Common stocks	582,672,959		582,672,959	714,775,695
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 \$ encumbrances)	17,714,920		17,714,920	16,366,767
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)	2,000,000		2,000,000	9,081,270
5. Cash (\$ 125,929,000 , Schedule E - Part 1) , cash equivalents (\$ 21,567,797 , Schedule E - Part 2) and short-term investments (\$ 4,231,122 , Schedule DA)	151,727,918		151,727,918	20,776,443
6. Contract loans (including \$ premium notes)				
7. Other invested assets (Schedule BA)	198,042		198,042	548,067
8. Receivables for securities				11,650,100
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 through Line 9)	4,026,425,384		4,026,425,384	3,797,391,761
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	42,937,405		42,937,405	40,586,479
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	56,486,259	5,802,128	50,684,131	46,564,122
13.2 Deferred premiums , agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	281,834,256		281,834,256	301,038,867
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	21,209,348		21,209,348	7,412,334
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	5,608,034		5,608,034	
16.2 Net deferred tax asset	132,997,547	53,393,630	79,603,917	84,165,407
17. Guaranty funds receivable or on deposit	8,052,085		8,052,085	8,902,847
18. Electronic data processing equipment and software	2,357,395		2,357,395	2,063,842
19. Furniture and equipment , including health care delivery assets (\$)	3,060,662	3,060,662		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,956,314		1,956,314	
22. Health care (\$) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	100,525,913	40,139,519	60,386,394	64,707,811
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	4,683,450,602	102,395,939	4,581,054,663	4,352,833,470
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. TOTALS (Line 24 and Line 25)	4,683,450,602	102,395,939	4,581,054,663	4,352,833,470
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				
2301. Company owned life insurance	54,485,780		54,485,780	51,524,356
2302. Equities in pools and associations	1,398	1,398		
2303. Other assets	46,038,735	40,138,121	5,900,614	13,183,455
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	100,525,913	40,139,519	60,386,394	64,707,811

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	1,677,965,466	1,691,731,260
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	2,553,000	7,276,800
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	431,360,327	425,810,931
4. Commissions payable, contingent commissions and other similar charges	47,756,002	47,541,601
5. Other expenses (excluding taxes, licenses and fees)	83,694,654	79,264,047
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	24,863,071	25,628,239
7.1 Current federal and foreign income taxes (including \$		9,368,631
7.2 Net deferred tax liability		
8. Borrowed money \$		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$		
warranty reserves of \$	608,749,439	633,754,616
10. Advance premium	8,052,803	6,792,359
11. Dividends declared and unpaid:		
11.1 Stockholders		284,567
11.2 Policyholders	903,200	1,036,000
12. Ceded reinsurance premiums payable (net of ceding commissions)	14,380,819	16,427,122
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	99,487,307	117,564,169
14. Amounts withheld or retained by company for account of others	27,180,998	33,247,544
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	1,864,715	919,716
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	33,947,090	9,798,360
19. Payable to parent, subsidiaries and affiliates		2,824,130
20. Payable for securities	9,957,361	
21. Liability for amounts held under uninsured plans		
22. Capital notes \$		
23. Aggregate write-ins for liabilities	151,906,428	160,845,581
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	3,224,622,680	3,270,115,673
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	3,224,622,680	3,270,115,673
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	4,500,000	4,500,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	433,637,678	230,507,439
33. Unassigned funds (surplus)	918,294,309	847,710,357
34. Less treasury stock, at cost:		
34.1		
34.2		
35. Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 39)	1,356,431,987	1,082,717,796
36. Totals (Page 2, Line 26, Column 3)	4,581,054,667	4,352,833,469
DETAILS OF WRITE-INS		
2301. Retroactive Loss reserves	117,733,029	122,819,866
2302. Retroactive LAE reserves	24,650,000	26,500,000
2303. Deferred Gain on Intercompany Transfer of Investments	6,182,730	7,171,381
2398. Summary of remaining write-ins for Line 23 from overflow page	3,340,669	4,354,334
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	151,906,428	160,845,581
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	1,360,349,735	1,424,229,967
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	634,042,861	726,209,865
3. Loss expenses incurred (Part 3, Line 25, Column 1)	155,154,543	153,554,303
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	537,718,802	449,922,335
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	1,326,916,206	1,329,686,503
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	33,433,529	94,543,464
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	185,085,684	163,051,079
10. Net realized capital gains (losses) less capital gains tax of \$ 16,904,385 (Exhibit of Capital Gains (Losses))	(2,630,514)	19,704,716
11. Net investment gain (loss) (Line 9 plus Line 10)	182,455,170	182,755,795
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 476,286 ,amount charged off \$ 3,552,084)	(3,075,798)	(3,818,595)
13. Finance and service charges not included in premiums	152,845	138,025
14. Aggregate write-ins for miscellaneous income	(5,313,274)	(15,693,051)
15. Total other income (Line 12 through Line 14)	(8,236,227)	(19,373,621)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	207,652,472	257,925,638
17. Dividends to policyholders	982,552	1,074,907
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)	206,669,920	256,850,731
19. Federal and foreign income taxes incurred	64,837,057	50,824,266
20. Net income (Line 18 minus Line 19) (to Line 22)	141,832,863	206,026,465
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,082,717,805	1,004,545,323
22. Net income (from Line 20)	141,832,863	206,026,465
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (10,934,255)	(27,360,394)	42,333,892
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	33,359,014	(23,164,086)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Column 3)	15,695,668	11,003,002
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(944,999)	8,037,337
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	203,130,239	
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(95,000,000)	(195,000,000)
36. Change in treasury stock (Page 3, Line 34.1 and Line 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	3,001,799	28,935,873
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	273,714,190	78,172,483
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	1,356,431,995	1,082,717,806
DETAILS OF WRITE-INS		
0501		
0502		
0503		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401. Miscellaneous income	255,163	183,948
1402. Retroactive losses incurred	(5,537,602)	(9,133,269)
1403. Retroactive LAE incurred	58,981	(6,498,870)
1498. Summary of remaining write-ins for Line 14 from overflow page	(89,816)	(244,860)
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	(5,313,274)	(15,693,051)
3701. Mortgage Guaranty on Fairfield Property	2,013,148	650,705
3702. Additional Minimum Pension Liability		27,830,659
3703. Deferred Gain on Intercompany Transfer of Investments	988,651	454,509
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	3,001,799	28,935,873

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,350,988,541	1,394,169,913
2. Net investment income	194,833,332	178,017,866
3. Miscellaneous income	(8,236,226)	(19,373,622)
4. Total (Line 1 through Line 3)	1,537,585,647	1,552,814,157
5. Benefit and loss related payments	666,329,469	654,574,575
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	682,593,347	579,777,486
7. Commissions, expenses paid and aggregate write-ins for deductions	1,115,352	1,134,632
8. Dividends paid to policyholders	96,718,107	34,444,941
9. Federal and foreign income taxes paid (recovered) net of \$ 16,904,385 tax on capital gains (losses)	1,446,756,275	1,269,931,634
10. Total (Line 5 through Line 9)	90,829,372	282,882,523
11. Net cash from operations (Line 4 minus Line 10)		
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	537,331,214	787,783,566
12.2 Stocks	174,158,724	102,618,137
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	105,899	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	20,837,182	813,097
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	732,433,019	891,214,800
13. Cost of investments acquired (long-term only):		
13.1 Bonds	794,117,594	676,850,489
13.2 Stocks	60,587,304	149,425,290
13.3 Mortgage loans		
13.4 Real estate	2,046,887	937,415
13.5 Other invested assets		
13.6 Miscellaneous applications		7,892,195
13.7 Total investments acquired (Line 13.1 through Line 13.6)	856,751,785	835,105,389
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(124,318,766)	56,109,411
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	203,130,239	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	95,284,567	194,715,433
16.6 Other cash provided (applied)	56,595,208	(142,220,679)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	164,440,880	(336,936,112)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	130,951,486	2,055,822
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of period	20,776,443	18,720,630
19.2 End of year (Line 18 plus Line 19.1)	151,727,929	20,776,452
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire	16,560,830	9,067,570	8,873,413	16,754,987
2. Allied lines	15,365,686	8,302,386	8,016,735	15,651,337
3. Farmowners multiple peril				
4. Homeowners multiple peril	132,162,967	74,048,645	70,674,565	135,537,047
5. Commercial multiple peril	319,233,418	163,579,844	152,889,888	329,923,374
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	27,665,341	12,586,242	13,324,756	26,926,827
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	2,944,654	1,549,902	1,557,295	2,937,261
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	111,776,025	63,037,393	55,073,684	119,739,734
17.1 Other liability - occurrence	161,996,920	82,590,935	71,033,920	173,553,935
17.2 Other liability - claims-made	1,059,359	599,277	424,415	1,234,221
18.1 Products liability - occurrence	11,196,428	4,522,041	5,199,820	10,518,649
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	140,620,119	40,628,686	39,833,074	141,415,731
19.3, 19.4 Commercial auto liability	177,337,253	81,248,527	86,141,801	172,443,979
21. Auto physical damage	156,925,253	50,953,314	51,757,140	156,121,427
22. Aircraft (all perils)				
23. Fidelity	5,740,517	5,274,793	4,976,064	6,039,246
24. Surety	54,744,612	35,755,528	38,965,691	51,534,449
26. Burglary and theft	15,175	9,535	7,178	17,532
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance - Nonproportional Assumed Property				
31. Reinsurance - Nonproportional Assumed Liability				
32. Reinsurance - Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	1,335,344,557	633,754,618	608,749,439	1,360,349,736
DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	8,873,343	70			8,873,413
2. Allied lines	8,016,706	29			8,016,735
3. Farmowners multiple peril					
4. Homeowners multiple peril	70,674,565				70,674,565
5. Commercial multiple peril	152,792,679	97,209			152,889,888
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	12,626,393	698,364			13,324,757
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	1,557,295				1,557,295
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	55,073,688	(3)			55,073,685
17.1 Other liability - occurrence	70,285,389	748,531			71,033,920
17.2 Other liability - claims-made	424,415				424,415
18.1 Products liability - occurrence	5,198,223	1,597			5,199,820
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	39,833,074				39,833,074
19.3, 19.4 Commercial auto liability	81,397,871	4,743,930			86,141,801
21. Auto physical damage	51,290,388	466,752			51,757,140
22. Aircraft (all perils)					
23. Fidelity	1,704,917	3,271,147			4,976,064
24. Surety	11,407,992	27,557,699			38,965,691
26. Burglary and theft	7,178				7,178
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance - Nonproportional Assumed Property					
31. Reinsurance - Nonproportional Assumed Liability					
32. Reinsurance - Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	571,164,116	37,585,325			608,749,441
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through Line 36)					608,749,441
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	8,668,353	8,156,863			264,386	16,560,830
2. Allied lines	7,487,766	8,155,552			277,632	15,365,686
3. Farmowners multiple peril						
4. Homeowners multiple peril	11,884,481	120,923,907			645,421	132,162,967
5. Commercial multiple peril	107,831,348	215,597,656	19,869		4,215,455	319,233,418
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	23,454,991	4,639,944			429,594	27,665,341
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	130,919	2,817,176			3,441	2,944,654
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	69,253				69,253	
16. Workers' compensation	46,925,727	60,350,449	7,777,743		3,277,894	111,776,025
17.1 Other liability - occurrence	189,829,084	16,986,547	(48)		44,818,662	161,996,921
17.2 Other liability - claims-made	1,061,132	273			2,046	1,059,359
18.1 Products liability - occurrence	6,148,865	5,059,395			11,832	11,196,428
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	15,873,908	125,440,774	3,396		697,959	140,620,119
19.3, 19.4 Commercial auto liability	63,580,786	116,101,780	(445,892)		1,899,420	177,337,254
21. Auto physical damage	31,189,345	125,596,024	139,884			156,925,253
22. Aircraft (all perils)						
23. Fidelity	5,930,693	3,229			193,405	5,740,517
24. Surety	52,117,432	4,198,087	(479)		1,570,428	54,744,612
26. Burglary and theft	15,175					15,175
27. Boiler and machinery	44,346				44,346	
28. Credit						
29. International						
30. Reinsurance - Nonproportional Assumed Property	X X X					
31. Reinsurance - Nonproportional Assumed Liability	X X X					
32. Reinsurance - Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	572,243,604	814,027,656	7,494,473		58,421,174	1,335,344,559
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 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 \$

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE THE OHIO CASUALTY INSURANCE COMPANY

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, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 plus 5 minus 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)				
1. Fire	4,862,296	3,261,081		8,123,377	1,466,377	2,727,369	6,862,385	41.0
2. Allied lines	3,132,052	4,211,502	1,818	7,341,736	1,715,739	1,831,104	7,226,371	46.2
3. Farmowners multiple peril	325			325	50,010	50,010	325	
4. Homeowners multiple peril	7,790,382	67,950,272		75,740,654	50,930,692	54,901,289	71,770,057	53.0
5. Commercial multiple peril	36,872,555	94,154,202	1,066,273	129,960,484	309,735,507	324,714,146	114,981,845	34.9
6. Mortgage guaranty								
8. Ocean marine	7,500			7,500		2,500	5,000	
9. Inland marine	7,424,887	1,506,025	(293,032)	9,223,944	2,515,241	1,547,180	10,192,005	37.9
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake					116,857	178,019	(61,162)	(2.1)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	97,439		97,439					
16. Workers' compensation	34,210,145	55,721,569	1,147,149	88,784,565	530,665,183	499,743,140	119,706,608	100.0
17.1 Other liability - occurrence	98,420,723	8,935,376	55,495,742	51,860,357	411,785,549	415,472,207	48,173,699	27.7
17.2 Other liability - claims-made	219,651		61,085	158,566	972,014	763,880	366,700	34.6
18.1 Products liability - occurrence	518,059	3,417,348	(4,022)	3,939,429	12,556,757	13,943,535	2,552,651	24.3
18.2 Products liability - claims-made						(103)	103	
19.1, 19.2 Private passenger auto liability	17,710,313	87,979,424	2,149,365	103,540,372	137,115,368	157,435,743	83,219,997	58.8
19.3, 19.4 Commercial auto liability	34,292,996	49,544,817	1,528,665	82,309,148	209,969,054	209,491,977	82,786,225	48.0
21. Auto physical damage	15,979,004	66,221,857	(1,968)	82,202,829	2,506,349	2,358,747	82,350,431	52.7
22. Aircraft (all perils)								
23. Fidelity	937,776	(47,305)		890,471	1,640,663	1,661,586	869,548	14.4
24. Surety	2,504,734	2,051,868	821,469	3,735,133	4,222,809	4,904,657	3,053,285	5.9
26. Burglary and theft					1,297	1,772	(475)	(2.7)
27. Boiler and machinery	39,548		49,782	(10,234)		2,500	(12,734)	
28. Credit								
29. International								
30. Reinsurance- Nonproportional Assumed Property	X X X							
31. Reinsurance- Nonproportional Assumed Liability	X X X							
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	265,020,385	444,908,036	62,119,765	647,808,656	1,677,965,466	1,691,731,258	634,042,864	46.6
DETAILS OF WRITE-INS								
3301								
3302								
3303								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)								

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE THE OHIO CASUALTY INSURANCE COMPANY

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 (Columns 4 plus 5 plus 6 minus 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	580,230	472,212		1,052,442	232,575	194,725	13,365	1,466,377	577,035
2. Allied lines	877,320	386,651	5,000	1,258,971	195,953	276,391	15,576	1,715,739	622,592
3. Farmowners multiple peril	50,010			50,010				50,010	48,085
4. Homeowners multiple peril	2,198,223	18,648,363		20,846,586	1,337,712	28,746,394		50,930,692	12,750,147
5. Commercial multiple peril	36,789,362	87,069,326	587,350	123,271,338	68,145,324	119,195,254	876,409	309,735,507	139,624,475
6. Mortgage guaranty									
8. Ocean marine									633
9. Inland marine	1,206,255	173,947		1,380,202	1,139,504	26,969	31,434	2,515,241	1,161,961
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims-made									
12. Earthquake					5,284	111,669	96	116,857	14,831
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health	475,456		475,456		137,122		137,122	(a)	
16. Workers' compensation	106,489,933	204,164,485	34,333,373	276,321,045	133,794,564	156,376,308	35,826,734	530,665,183	54,459,616
17.1 Other liability - occurrence	114,913,637	33,501,537	62,888,359	85,526,815	457,907,219	35,455,783	167,104,268	411,785,549	131,378,918
17.2 Other liability - claims-made	1,100,179		647,288	452,891	519,937	350	1,164	972,014	384,260
18.1 Products liability - occurrence	1,949,424	3,894,058		5,843,482	4,272,816	2,450,290	9,831	12,556,757	6,794,982
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	35,782,054	79,152,265	25,835,578	89,098,741	13,867,251	41,773,245	7,623,869	137,115,368	32,985,097
19.3, 19.4 Commercial auto liability	44,405,814	61,596,135	2,713,466	103,288,483	48,471,841	61,170,203	2,961,473	209,969,054	39,503,452
21. Auto physical damage	1,103,466	5,664,658		6,768,124	(739,881)	(3,521,894)		2,506,349	6,792,042
22. Aircraft (all perils)									
23. Fidelity	1,319,016		1,000	1,318,016	349,953	368	27,674	1,640,663	845,639
24. Surety	5,436,037	219,513	1,234,444	4,421,106	138,130	(120,913)	215,514	4,222,809	3,416,358
26. Burglary and theft					1,297			1,297	194
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance- Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance- Nonproportional Assumed Liability	X X X				X X X				
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	354,676,416	494,943,150	128,721,314	720,898,252	729,776,601	442,135,142	214,844,529	1,677,965,466	431,360,317
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)									

(a) Including \$ 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	20,598,252			20,598,252
1.2 Reinsurance assumed	22,974,958			22,974,958
1.3 Reinsurance ceded	(4,898,617)			(4,898,617)
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	48,471,827			48,471,827
2. Commission and brokerage:				
2.1 Direct excluding contingent		86,922,570		86,922,570
2.2 Reinsurance assumed excluding contingent		114,799,047		114,799,047
2.3 Reinsurance ceded excluding contingent		12,029,529		12,029,529
2.4 Contingent - direct		20,668,840		20,668,840
2.5 Contingent - reinsurance assumed		15,507,285		15,507,285
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees		577		577
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)		225,868,790		225,868,790
3. Allowances to manager and agents		3,480,764		3,480,764
4. Advertising		1,379,108		1,379,108
5. Boards, bureaus and associations		3,946,891		3,946,891
6. Surveys and underwriting reports		4,313,463		4,313,463
7. Audit of assureds' records		806,689		806,689
8. Salary and related items:				
8.1 Salaries	62,259,141	123,039,688	2,482,293	187,781,122
8.2 Payroll taxes	4,637,493	8,521,994	182,169	13,341,656
9. Employee relations and welfare	10,724,117	61,883,835	338,262	72,946,214
10. Insurance	197,112	1,050,944	4,237	1,252,293
11. Directors' fees	289,990	878,415	21,604	1,190,009
12. Travel and travel items	3,362,794	6,760,548	127,523	10,250,865
13. Rent and rent items	4,258,382	5,809,502	118,272	10,186,156
14. Equipment	6,722,942	11,595,913	361,981	18,680,836
15. Cost or depreciation of EDP equipment and software	5,752,768	27,723,129	474,230	33,950,127
16. Printing and stationery	843,411	1,922,870	39,808	2,806,089
17. Postage, telephone and telegraph, exchange and express	3,077,085	5,365,729	119,881	8,562,695
18. Legal and auditing	3,868,248	8,064,187	1,587,804	13,520,239
19. Totals (Line 3 through Line 18)	105,993,483	276,543,669	5,858,064	388,395,216
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 1,114,572		31,251,905		31,251,905
20.2 Insurance department licenses and fees		2,200,855		2,200,855
20.3 Gross guaranty association assessments		1,624,243		1,624,243
20.4 All other (excluding federal and foreign income and real estate)		1,689,660		1,689,660
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)		36,766,663		36,766,663
21. Real estate expenses			3,319,102	3,319,102
22. Real estate taxes			514,851	514,851
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	689,231	(1,460,319)	3,872,844	3,101,756
25. Total expenses incurred	155,154,541	537,718,803	13,564,861	706,438,205
26. Less unpaid expenses - current year	431,360,327	109,536,670	2,763,745	543,660,742
27. Add unpaid expenses - prior year	425,810,931	124,274,455	2,438,516	552,523,902
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	149,605,145	552,456,588	13,239,632	715,301,365
DETAILS OF WRITE-INS				
2401. Donations	432,192	832,403	22,395	1,286,990
2402. Interest Expense Sec Trust Agreement			3,836,243	3,836,243
2403. Interest Expense on Borrowed Money	257,039	503,078	14,206	774,323
2498. Summary of remaining write-ins for Line 24 from overflow page		(2,795,800)		(2,795,800)
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	689,231	(1,460,319)	3,872,844	3,101,756

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 953,847	737,115
1.1 Bonds exempt from U.S. tax	(a) 50,694,734	53,157,756
1.2 Other bonds (unaffiliated)	(a) 98,296,792	98,387,164
1.3 Bonds of affiliates		
2.1 Preferred stocks (unaffiliated)	(b) 5,197,647	4,946,542
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	7,957,062	8,220,862
2.21 Common stocks of affiliates	25,000,000	25,000,000
3. Mortgage loans	(c)	
4. Real estate	(d) 4,992,862	4,992,862
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 1,810,346	1,811,917
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	2,552,632	2,552,632
10. Total gross investment income	197,455,922	199,806,850
11. Investment expenses		(g) 13,050,008
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 514,851
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 1,156,306
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		14,721,165
17. Net investment income (Line 10 minus Line 16)		185,085,685
DETAILS OF WRITE-INS		
0901. Other Interest	2,546,298	2,546,298
0902. Interest on Premium Receivable Notes	6,334	6,334
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	2,552,632	2,552,632
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes \$ 1,465,091 accrual of discount less \$ 12,407,281 amortization of premium and less \$ 5,352,693 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ 4,878,936 for company's occupancy of its own buildings; and excludes \$ 32,325 interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ 1,156,306 depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	49,085		49,085		
1.1 Bonds exempt from U.S. tax	(161,550)		(161,550)		
1.2 Other bonds (unaffiliated)	4,097,365		4,097,365	(1,299,046)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	111,562		111,562	(12,073,413)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	16,969,475		16,969,475	(17,765,818)	
2.21 Common stocks of affiliates				(6,922,149)	
3. Mortgage loans					
4. Real estate		(6,625,062)	(6,625,062)		
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments	(25,331)		(25,331)	(131,770)	
8. Other invested assets	(141,673)		(141,673)	(102,453)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	20,898,933	(6,625,062)	14,273,871	(38,294,649)	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Line 1 to Line 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	5,802,128	7,147,369	1,345,241
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
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	53,393,630	4,538,869	(48,854,761)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software		25,373	25,373
19. Furniture and equipment, including health care delivery assets	3,060,662	3,647,763	587,101
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	40,139,519	102,732,234	62,592,715
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	102,395,939	118,091,608	15,695,669
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Line 24 and Line 25)	102,395,939	118,091,608	15,695,669
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)			
2301.			
2302. Equities in pools and associations	1,398	1,398	
2303. Other assets	40,138,121	102,730,836	62,592,715
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	40,139,519	102,732,234	62,592,715

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of The Ohio Casualty Insurance Company (Ohio Casualty or the company) have been prepared on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Ohio Insurance Law. The National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Throughout this statement line items may not add to totals due to rounding.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The insurance industry is subject to regulation that differs by state. A change in regulation in a given state may have a material adverse impact on Ohio Casualty.

C. Accounting Policies

Property and casualty insurance premiums are earned principally on a monthly pro rata basis over the term of the policy; the premiums applicable to the unexpired terms of the policies are included in the unearned premium reserve.

Acquisition costs incurred at policy issuance, such as commissions, brokerage fees, salaries and benefits and other underwriting expenses which vary directly with the acquisition of insurance contracts are charged to operations in the year in which they are incurred.

In addition, Ohio Casualty uses the following accounting policies:

- (1) Short-term investments are stated at amortized value using the effective interest method.
- (2) Bonds are generally carried at amortized cost or prescribed NAIC values. Bond premium/discount is amortized/accreted using the effective interest method.
- (3) Common stocks are stated at market value as prescribed by the NAIC.
- (4) Redeemable preferred stocks, having qualified sinking funds, are carried at cost or amortized cost; all other preferred stocks are carried at fair values as prescribed by the NAIC.
- (5) Mortgage Loans
Not applicable.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all loan-backed securities, unless the prospective method is warranted due to credit rating or impairment.
- (7) Investments in stocks of uncombined subsidiaries are carried on the equity basis.
- (8) Ohio Casualty has minor ownership interest in joint ventures. Ohio Casualty carries these interests based on the underlying audited GAAP equity of the investee.
- (9) The use of derivative instruments has been limited to writing covered call options. Written call options used in income generation transactions are valued at fair value with immediate recognition of gain (loss) at expiration or exercise.
- (10) Ohio Casualty anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property - Casualty Contracts - Premiums.
- (11) Reserves for unpaid losses and loss adjustment expenses are based on undiscounted estimates of ultimate costs to investigate, defend and settle all claims, including provisions for development on known claims and unreported claims. Such estimates are derived from reasonable assumptions and the application of a variety of appropriate actuarial methodologies. Inherent uncertainty in the estimates implies the true value of the liability will not be known until all attendant claims have been settled. Estimates are reviewed quarterly and adjustments to prior estimates are reflected in current earnings.

Reserves for asbestos-related and toxic waste cleanup claims cannot be estimated with traditional loss reserving techniques. In establishing liabilities for claims for asbestos-related illnesses and for toxic waste cleanup claims, management considers facts currently known and the current state of the law and coverage litigation. Given uncertainties involving possible expansion of coverage and liability by the courts and legislatures, tort reform, future inflationary trends and jury awards, estimates are subject to significant variability. Nevertheless, we employ methods of estimating these reserves that we believe produce reasonable results given the current information available.
- (12) Ohio Casualty has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

As a result of the acquisition of Ohio Casualty by Liberty Mutual Insurance Company, the Company reassessed the accrued assets/(liabilities) for each of the Company's pension and other post-retirement benefit plans. This reassessment reflects the Liberty Mutual benefit plan provisions adopted as of January 1, 2008. This reassessment resulted in a \$36,488,929 reduction in the Company's prepaid pension asset and an increase of \$371,882 in the accrued liability for the other post-retirement benefit plan.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

NOTES TO FINANCIAL STATEMENTS

B. Statutory Merger

Not applicable.

C. Impairment Loss

As a result of the acquisition of Ohio Casualty by Liberty Mutual Insurance Company (refer to Note 10 "Information Concerning Parent, Subsidiaries and Affiliates"), Ohio Casualty recognized \$21,243,507 in impairment losses in 2007 related to an office building and land located in Hamilton, Ohio (\$6,625,880) and internally generated software (\$14,617,627). The impairment of the office building and land was based upon a real estate appraisal in which certain assumptions regarding the future occupancy of the building by Ohio Casualty were changed. The impairment of the internally generated software was recorded as a result of changes regarding the future use of the software.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans

Not applicable.

B. Troubled Debt Restructuring for Creditors

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

1. Ohio Casualty has elected to use historical cost for applying the retrospective adjustment method to securities.
2. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.
3. Ohio Casualty had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

Not applicable.

F. Real Estate

Not applicable.

G. Investments - Low Income Housing Tax Credits

Ohio Casualty purchased an interest in Raymond James North Carolina Tax Credit Fund L.L.C. as reported on Schedule BA. The Fund invested in low income housing projects in the State of North Carolina. The tax credits generated from the investment will be available through 2009 to offset premium taxes. The properties in the Fund are not currently subject to any regulatory reviews. The Company has not recognized any impairment losses related to the underlying investment or the Company's ability to realize the tax credits.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Ohio Casualty has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. Not Applicable.

7. Investment Income

A. Due and accrued investment income was excluded from surplus on the following bases:

Ohio Casualty nonadmits investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans or amounts on mortgage loans in default).

B. Amounts Nonadmitted

Not applicable.

8. Derivative Instruments

Income Generations

During 2007, Ohio Casualty wrote call options on certain common stocks it owns to enhance returns. The premium received was recorded as a liability until the option was exercised, expired or otherwise terminated. The liability was marked to market at each balance sheet date. On exercise the premiums were recognized by combining with the gains/(losses) on the covering asset. On expiration or closing, the premium net of any costs to close was recorded as a realized gain/(loss). Ohio Casualty ceased writing call options in July 2007.

NOTES TO FINANCIAL STATEMENTS

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, 2007	December 31, 2006	Change
Total of gross deferred tax assets	\$175,225,123	\$179,881,907	\$ (4,656,784)
Total of deferred tax liabilities	(42,227,576)	(91,177,630)	48,950,054
Net deferred tax asset	\$132,997,547	\$ 88,704,277	\$44,293,270
Net deferred tax asset non-admitted	53,393,632	4,538,870	(48,854,762)
Net admitted deferred tax asset	\$ 79,603,915	\$ 84,165,407	\$ (4,561,492)

- 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:

	2007	2006
Federal tax on operations	\$64,837,057	\$50,824,266
Net operating loss benefit	-	-
Foreign tax on operations	-	-
Income tax incurred on operations	\$64,837,057	\$50,824,266
Tax on capital gains	16,904,385	478,259
Total income tax incurred	\$81,741,443	\$51,302,525

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

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

	2007
Change in net deferred income tax (without unrealized gain or loss)	\$33,359,015
Tax effect of unrealized (gains) losses	10,934,255
Total change in net deferred income tax	\$44,293,270

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, excludible dividend income, revisions to prior year estimates, and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$84,336,405 from the current year and \$62,091,863 from the preceding year.

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

NOTES TO FINANCIAL STATEMENTS

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

Access Insurance Services, Co.	Liberty Mutual Fire Insurance Company
Ambco Capital Corporation	Liberty Mutual Group Inc.
America First Insurance Company	Liberty Mutual Holding Company, Inc.
America First Lloyds Insurance Company	Liberty Mutual Insurance Company
American Ambassador Casualty Company	Liberty Mutual Managed Care, Inc.
American Fire and Casualty Company*	Liberty Mutual Personal Insurance Company
Avomark Insurance Company*	Liberty Northwest Insurance Corporation
Berkeley Holding Company Associates, Inc.	Liberty Personal Insurance Company
Berkeley Management Corporation	Liberty RE (Bermuda) Limited
Bridgefield Casualty Insurance Company	Liberty Real Estate Corporation
Bridgefield Employers Insurance Company	Liberty Sponsored Insurance (Vermont) Inc.
Capitol Agency, Inc. (Arizona Corp)	Liberty Surplus Insurance Corporation
Capitol Agency, Inc. (Ohio corporation)	Liberty-USA Corporation
Capitol Agency, Inc. (Tennessee Corp)	LIH-Re of America Corporation
Cascade Disability Management, Inc.	LIH U.S. P&C Corporation
Colorado Casualty Insurance Company	LIIA Insurance Agency, Inc.
Companies Agency Insurance Services of CA	LIU Specialty Insurance Agency, Inc.
Companies Agency of Alabama, Inc.	LLS Insurance Agency of Nevada, Inc.
Companies Agency of Georgia, Inc.	LM General Insurance Company
Companies Agency of Kentucky, Inc.	LM Insurance Corporation
Companies Agency of Massachusetts, Inc.	LM Personal Insurance Company
Companies Agency of Michigan, Inc.	LM Property and Casualty Insurance Co.
Companies Agency of New York, Inc.	LMHC Massachusetts Holding, Inc.
Companies Agency of Pennsylvania, Inc.	LRE Properties, Inc.
Companies Agency of Phoenix, Inc.	Mid-American Agency, Inc.
Consolidated Insurance Company	Mid-American Fire and Casualty Company
Copley Venture Capital, Inc.	Missouri Agency, Inc.
Countrywide Services Corporation	North Pacific Insurance Company
Diversified Settlements, Inc.	Ohio Casualty Corporation*
Employers Insurance Company of Wausau	OCI Printing, Inc.*
Excelsior Insurance Company	OCASCO Budget, Inc.*
Florida State Agency, Inc.	Ohio Casualty Insurance Company*
Globe American Casualty Company	Ohio Casualty of New Jersey, Inc.*
Golden Eagle Insurance Corporation	Ohio Life Brokerage Service, Inc.*
Gulf States AIF, Inc.	Ohio Security Insurance Company*
Hawkeye-Security Insurance Company	Oregon Automobile Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	Peerless Indemnity Insurance Company
Helmsman Insurance Agency of Texas, Inc.	Peerless Insurance Company
Heritage-Summit Healthcare of Florida, Inc.	San Diego Insurance Company
Indiana Insurance Company	State Agency, Inc. (Indiana corporation)
LEXCO Limited	State Agency, Inc. (Wisconsin Corp)
Liberty Assignment Corporation	St. James Insurance Company
Liberty Energy Canada, Inc.*	Summit Consulting, Inc.
Liberty Financial Services, Inc.	Summit Consulting, Inc. of Louisiana
Liberty Hospitality Group, Inc.	Summit Holding Southeast, Inc.
Liberty Insurance Company of America	The First Liberty Insurance Corporation
Liberty Insurance Corporation	The Midwestern Indemnity Company
Liberty Insurance Holdings, Inc.	The National Corporation
Liberty Insurance Underwriters, Inc.	The Netherlands Insurance Company
Liberty Life Assurance Company of Boston	Wausau Business Insurance Company
Liberty Life Holdings, Inc.	Wausau General Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau Service Corporation
Liberty Management Services, Inc.	Wausau Signature Agency, Inc.
Liberty Mexico Holdings, Inc.	Wausau Underwriters Insurance Company
	West American Insurance Company*

*This Company joined the consolidated group in 2007 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.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationship

Ohio Casualty is a wholly owned subsidiary of Ohio Casualty Corporation, an Ohio insurance holding company, who is wholly owned by Liberty Mutual Insurance Company. Ohio Casualty owns 100% of its insurance subsidiaries West American, American Fire, Ohio Security, Avomark and Ohio Casualty of New Jersey. Ohio Casualty repurchased the remaining 1% minority interest in Ohio Casualty of New Jersey during the first quarter of 2007, which resulted in Ohio Casualty owning 100% of Ohio Casualty of New Jersey.

NOTES TO FINANCIAL STATEMENTS

B. Detail of Transactions Greater than 1/2% of Admitted Assets

Effective on August 24, 2007, Ohio Casualty Corporation ("OCAS") was acquired by Liberty Mutual Insurance Company ("Liberty") and three affiliates - Liberty Mutual Fire Insurance Company ("Fire"), Employers Insurance Company of Wausau ("Eicow") and Peerless Insurance Company ("Pic"). In connection with the acquisition, Waterfall Merger Corporation ("Waterfall"), a subsidiary of Liberty, was merged with and into OCAS and OCAS became a subsidiary of Liberty, Fire, Eicow and Pic. At the effective date of the Merger, each common share, par value \$.125 per share, of OCAS (other than shares owned by OCAS, Liberty and Waterfall) were converted into the right to receive \$44.00 in cash, without interest. Each OCAS stock option and other share acquisition and appreciation rights outstanding at the effective time of the Merger were cancelled and the holder thereof was entitled to an amount of cash, without interest, equal to the difference between \$44.00 and the exercise price of such stock option or purchase right.

Dividends of \$95,000,000 and \$195,000,000 were paid to the Ohio Casualty Corporation in 2007.

Dividends of \$25,000,000 were paid to Ohio Casualty from subsidiaries during 2007 (\$13,000,000 from West American, \$3,500,000 from American Fire, \$1,000,000 from Ohio Security and \$7,500,000 from Ohio Casualty of New Jersey).

Ohio Casualty Corporation made a capital contribution to Ohio Casualty of \$203,130,239 during 2007.

C. Change in Terms of Intercompany Arrangements

Not applicable for 2007. See Notes 10F and 25 for changes impacting 2008.

D. Amounts Due to or from Related Parties

At December 31, 2007 Ohio Casualty reported a receivable from subsidiaries of \$1,956,314. At December 31, 2006, Ohio Casualty reported a payable due to its subsidiaries of \$2,824,130.

E. Guarantees or contingencies for Related Parties

Not applicable.

F. Management, Service Contracts, Cost Sharing Arrangements

Under terms of the Administrative Services Agreement, Ohio Casualty shall act as employer for all employees. Reimbursement to Ohio Casualty for services shall be solely for actual costs and expenses, which it incurs in providing such services.

Ohio Casualty is party to a service agreement with Liberty. Under this agreement, Liberty may provide Ohio Casualty with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by Liberty. Services include but are not limited to the following: claims handling, credit and collections, sales policy production, underwriting, investment management and a variety of computer activities. Liberty is reimbursed for the costs of all services which it provides under these agreements.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of Ohio Casualty are owned by Ohio Casualty Corporation. As noted above in 10(B), Ohio Casualty Corporation was acquired by Liberty on August 24, 2007.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

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

Not applicable.

J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

Not applicable.

K. Investment in Foreign Insurance Subsidiary

Not applicable.

L. Investment in Downstream Noninsurance Holding Company

Not applicable.

11. Debt

A. Capital Notes

Not applicable.

B. All Other Debt

Not applicable.

12. Retirement Plans, Deferred Compensation, and Other Postretirement Benefit Plans

A. Defined Benefit Plan

Ohio Casualty sponsors a non-contributory defined benefit pension plan covering substantially all employees. As a result of the acquisition of Ohio Casualty by Liberty Mutual Insurance Company, the defined benefit plan will be merged with the Liberty Mutual Retirement Benefit Plan effective January 1, 2008. Benefits will be paid from the Liberty Mutual Retirement Benefit Plan beginning on January 1, 2008. The Plan's assets will be transferred to the Liberty Mutual Retirement Benefit Plan in 2008.

NOTES TO FINANCIAL STATEMENTS

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2007 and 2006:

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
(1) Change in benefit obligation				
Benefit obligation beginning of year	\$ 322,965,390	\$320,902,212	\$40,056,247	\$ 43,315,137
Service cost	9,973,250	9,652,284	1,514,128	1,230,706
Interest cost	19,052,450	17,180,000	2,514,153	2,200,331
Actuarial (gain) loss	(7,285,121)	(4,617,929)	(1,683,234)	(3,070,166)
Benefits paid	(19,658,090)	(20,151,177)	(3,668,099)	(3,619,761)
Business combinations, divestitures, curtailments, settlements and special termination benefits	6,241,844	-	11,737,919	-
Benefit obligation at end of Year	\$ 331,289,723	\$ 322,965,390	\$ 50,471,114	\$ 40,056,247
(2) Change in plan assets				
Fair value of plan assets at beginning of year	\$ 335,921,238	\$ 289,223,954	\$ -	\$ -
Actual return on plan assets	49,812,892	28,507,025	-	-
Benefits paid	(19,658,090)	(20,151,177)	(3,668,099)	(3,619,761)
Employer contribution	-	38,341,436	3,668,099	3,619,761
Fair value of plan assets at end of year	\$ 366,076,040	\$ 335,921,238	\$ -	\$ -
(3) Funded status				
Unamortized prior service cost	\$ -	\$(21,953,880)	\$ -	\$(8,158,342)
Unrecognized net gain or (loss)	7,809,630	(96,973,329)	901,829	4,339,557
Unrecognized incremental assets	-	-	-	-
Remaining net obligation or net asset at initial date of application	-	(21,951,404)	-	-
Contribution to plan in Q4	-	-	-	676,609
Accrued assets/(liability)	\$ 26,976,687	\$ 66,023,893	\$(51,372,943)	\$(51,877,537)
(4) Accumulated benefit obligation for vested employees	\$ 329,687,317	\$318,183,964	\$50,471,114	\$40,056,247
(5) Benefit obligation for non-vested employees				
a. Projected pension obligation	\$ 4,684,086	\$ 3,232,052	\$ 11,781,492	\$ 6,495,959
b. Accumulated benefit obligation	\$ 4,620,318	\$ 2,551,779	\$ 11,781,492	\$ 6,495,959
(6) Components of net periodic benefit cost				
Service cost	\$ 9,973,250	\$ 9,652,284	\$ 1,514,128	\$ 1,230,706
Interest cost	19,052,450	17,180,000	2,514,153	2,200,331
Expected return on plan assets	(27,404,560)	(26,032,308)	(19,405)	-
Amortization of unrecognized transition obligation or transition asset	(743,810)	-	-	-
Amount of recognized(gains)and losses	3,670,580	7,338,695	-	-
Amount of prior service cost recognized	(2,110,270)	(3,291,661)	(383,162)	(597,668)
Net periodic benefit cost	\$ 2,437,640	\$ 4,847,010	\$ 3,625,714	\$ 2,833,369
One time curtailment charge	-	857,330	-	-
Offset incremental liability/(asset)	-	(3,857,478)	-	-
Total net periodic pension cost	\$ 2,437,640	\$ 1,846,862	\$ -	\$ -
(7) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment is reported as a direct charge to surplus, in accordance with SSAP 89. At December 31, 2007 and 2006, the additional minimum liability was \$0.				
(8) Weighted average assumptions as of the measurement date	2007	2006	2007	2006
Discount rate cost	5.90%	5.50%	5.75%	5.35%
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Expected long-term rate of return on plan assets	8.75%	8.75%	N/A	N/A
Weighted average assumptions used to determine projected benefit obligations as of Dec. 31				
Expected return on plan assets	7.50%	8.75%	N/A	N/A
Weighted average discount rate	6.50%	5.90%	6.50%	5.75%
Rate of compensation increase	4.70%	4.00%	N/A	N/A
For measurement purposes, a 9.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2007 for pre-65 retirees and a 10.0% annual rate of increase for post-65 retirees. The rate was assumed to decrease gradually to 5.0% and 5.5% for pre-65 and post-65 retirees, respectively until 2016 and remain at that level thereafter.				
(9) The measurement date was changed from September 30 to December 31 during 2007 to align with the Liberty Mutual Benefit Plans. For 2006, the measurement date was September 30.				

NOTES TO FINANCIAL STATEMENTS

- (10) Ohio Casualty has multiple non-pension postretirement benefit plans. The health care plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory.

Ohio Casualty's health care plan is a predominately managed care plan. Retired employees continue to be eligible to participate in the health care and life insurance plans. Employee contributions to the health care plan have been established as a flat dollar amount with periodic adjustments as determined by Ohio Casualty. The health care plan is unfunded. Benefit costs are accrued based on actuarial projections of future payments. In 2004, Ohio Casualty announced changes related to the postretirement health care plan effective July 2004 that limits eligibility for subsidized retiree medical and dental coverage to then current retirees and employees with 25 or more years of service. Other employees are eligible for access to unsubsidized retiree dental coverage and medical coverage up to age 65.

As a result of the acquisition of Ohio Casualty by Liberty Mutual Insurance Company, the multiple non-pension postretirement benefit plans, health care and life insurance plans will either be terminated or merge with an equivalent Liberty Mutual Plan during 2008.

- (11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ 572,016	\$ (503,535)
b. Effect on postretirement benefit obligation	\$ 4,996,640	\$ (4,542,400)

- (12) The defined benefit pension plan asset allocation as of the measurement date and the target asset allocation, presented as a percentage of total plan assets as follows:

		Current	Year	Prior Year	Target Allocation
a.	Debt securities	31.2%		28.6%	26-34%
b.	Equity securities	58.1%		60.4%	50-70%
c.	Real Estate	10.7%		9.8%	8-12%
d.	Other	0.0%		1.2%	0-5%
e.	Total	100.0%		100.0%	

Investments are diversified among capitalization and style within the equity portfolio. The retirement plan's portfolio may be invested in financial markets outside of the US up to a certain amount determined by the Benefits Committee. In order to minimize equity risks, limitations are laced on the overall amount that can be invested in a single stock at both cost and market value. Equity investments are also diversified across the various economic sectors. To further diversify risk, approximately 10.7% of the portfolio is allocated to real estate at December 31, 2007.

- (13) The following estimated future payments, which reflect future service, as appropriate, are expected to be paid in the years indicated:

	Pension	Benefits	Other Benefits
2008	\$ 19,952,124		\$ 3,600,000
2009	20,383,960		3,580,000
2010	20,836,928		3,720,000
2011	21,351,930		3,890,000
2012	21,916,941		3,930,000
Thereafter	118,881,430		21,000,000

- (14) The Company does not expect to make any contributions to the Plans during 2008.

- (15) During July 2007, the Defined Benefit Plan sold 193,000 shares of Ohio Casualty Corporation stock, the holding company, and recognized a gain of \$8,151,425. During August 2007, the Plan held 341,464 shares of Company stock which was converted to \$44 per share per the merger agreement. Funds received on the conversion were \$14,622,265 which were invested in an S&P 500 Fund.

B. Defined Contribution Plan

Ohio Casualty sponsors a defined contribution savings plan covering substantially all employees of Ohio Casualty. Employees may contribute a percentage of their compensation to the Employee Savings Plan. A portion of participant contributions are matched by Ohio Casualty and invested based upon the investment direction chosen by the participant. Ohio Casualty's match is funded monthly. In July 2004, the Employee Savings Plan added a profit sharing contribution feature for all eligible employees based upon a profitability target established by Ohio Casualty. An accrual of \$9,200,000 and \$7,720,000 was established by Ohio Casualty at December 31, 2007 and 2006, respectively. The profit sharing contribution is generally deposited into the employees account during the first quarter of the following calendar year.

As a result of the acquisition of Ohio Casualty by Liberty Mutual Insurance Company, the Ohio Casualty Insurance Company Employees Savings Plan will be merged into the Liberty Mutual Employees' Thrift-Incentive Plan effective January 1, 2008.

C. Multi-employer Plans

Not applicable.

D. Consolidated/Holding Company Plans

See Notes 12A and 12B.

E. Postemployment Benefits and Compensated Absences

Ohio Casualty maintains a postemployment severance benefit plan. The company has accrued a liability of \$2,388,080 as of December 31, 2007, in accordance with SSAP 11.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

A. Outstanding Shares

Ohio Casualty has 1,000,000 shares of \$5 par value common stock authorized and 900,000 shares issued and outstanding. Ohio Casualty has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable.

C., D., and E. Dividend Restrictions

The maximum amount of dividends to shareholders which may be paid by Ohio Casualty without prior approval of the Ohio Insurance Commissioner cannot exceed in any one year the greater of ten percent of the surplus as regards to policyholders as of December 31, or the net income provided such dividend does not impair capital or capital stock. At December 31, 2007, approximately \$141,832,863 was available for payment of dividends in 2008 without prior approval by the Ohio Insurance Department. Dividends in the amount of \$95,000,000 were paid to Ohio Casualty Corporation during 2007. Dividends are not cumulative.

F. Mutual Surplus Advances

Not applicable.

G. Company Stock Held for Special Purposes

Not applicable.

H. Changes in Special Surplus Funds

Not applicable.

I. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by unrealized gain or loss is \$62,587,671 at December 31, 2007.

J. Surplus Notes

Not applicable.

K. and L. Quasi Reorganizations

Not applicable.

M. Dividends Paid

Ordinary dividends in the amount of \$95,000,000 (\$45,000,000 in March and \$50,000,000 in June) were paid to Ohio Casualty Corporation during 2007.

14. Contingent Liabilities

A. Contingent Commitments

The company has purchased annuities from life insurers under which the claimants are payees. These annuities have been used to reduce unpaid losses by \$12,773,000 as of December 31, 2007. The company has a contingent liability of \$12,773,000 should the issuers of these annuities fail to perform under the terms of the annuities.

B. Guaranty Fund and Other Assessments

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

The company has accrued a liability for guaranty fund and other assessments of \$8,275,700. These represent management's best estimates based on information received from the states in which the company writes business and may change due to many factors including the company's share of the ultimate cost of current insolvencies. The company has also established a related asset in the amount of \$2,502,000 for premium tax credits or policy surcharges. These assessments are expected to be paid over future periods.

C. Gain Contingencies

Not applicable.

D. Claims Related ECO and Bad Faith Losses Paid during the reporting period

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

Direct claims related to ECO and bad faith losses paid during the reporting period - \$531,000.

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

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

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

(f) Per claim [X]	(g) Per claimant []
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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.

NOTES TO FINANCIAL STATEMENTS

15. Leases

A. Lessee Leasing Arrangements

1. Ohio Casualty leases office space in various parts of the country for its branch and regional offices. Such leases are at prevailing rates in the local areas and expire through 2012. Rental expense for 2007 and 2006 was approximately \$4,051,500 and \$4,076,400, respectively. Future minimum rental payments are as follows:

Year	Amount
2008	\$ 3,361,387
2009	3,101,905
2010	1,411,849
2011	185,899
2012 & beyond	<u>60,223</u>
Total	\$ 8,121,263

2. Ohio Casualty leases office equipment for its office locations. Rental expense for 2007 and 2006 was approximately \$900,000 and \$1,500,000, respectively. Future minimum rental payments are as follows:

Year	Amount
2008	\$ 684,843
2009	312,197
2010	149,450
2011	45,115
2012 & beyond	<u>1,362</u>
Total	\$ 1,192,967

3. Certain rental commitments have renewal options. Some of these renewals are subject to adjustments in future periods.
4. Ohio Casualty has not entered into any material sales - leaseback arrangements as of December 31, 2007.

B. Lessor Leasing Arrangements

Not applicable.

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

Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfer of Receivables Reported as Sales

Not applicable.

B. Transfers and Servicing of Financial Assets

Not applicable.

C. Wash Sales

Not applicable.

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

Not applicable.

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

Not applicable.

20. Other Items

A. Extraordinary Items

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

Assets in the amount of \$9,090,977 and \$9,110,235 at December 31, 2007 and 2006, respectively, were on deposit with government authorities or trustees as required by law.

As a result of acquisition by Liberty, Ohio Casualty incurred \$19,081,346 in stock-based compensation expense in 2007 due to the acceleration of the vesting provisions contained in stock-based compensation plans.

As a result of the acquisition of Ohio Casualty by Liberty, in combination with certain actions taken after the acquisition, resulted in triggering the Change in Control agreements for certain senior members of management. As a result, Ohio Casualty accrued \$20,592,000 for payments related to the Change in Control agreements. At December 31, 2007, \$10,628,000 of the liability remained to be paid.

In addition to the above expenses, Ohio Casualty accrued \$17,598,400 in 2007 related to relocation, retention, severance, lease terminations, contract buyouts and medical plan expenses as a result of the acquisition.

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Premiums Receivable

At December 31, 2007 and 2006, the company had admitted assets of \$332,518,387 and \$347,602,989, respectively in premiums receivable due from policyholders, agents and ceding insurers. The company routinely assesses the collectibility of these receivables. Based upon company experience, any uncollectible premiums receivable as of December 31, 2007 are not expected to exceed the nonadmitted amounts totaling \$5,802,128 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the company's financial condition.

E. Business Interruption Insurance Recoveries

Not applicable.

F. State Transferable Tax Credits

Not applicable.

G. Not applicable.

H. Hybrid Securities

<u>CUSIP</u>	<u>Issuer</u>	<u>Description</u>	<u>Book/Adjusted Carrying Value</u>
52520YAB3	Lehman E-Capital	Trust Preferred	\$ 1,882,882
749768AA5	Rabobank Capital II	Yankee Tier 1	4,922,712
86800XAA6	Suntrust Preferred Capital I	Perpetual Preferred	3,500,000
	Total		\$ 10,305,594

I. Subprime Mortgage Related Risk Exposure

The Company, as part of a diversified investment strategy, has direct investments in residential and commercial mortgaged backed securities, asset backed securities and structured notes. The Company does not and has not ever owned direct investments in subprime mortgage loans or equity investments in subsidiary controlled or affiliated entities with subprime related risk exposure and does not underwrite policies for Mortgage Guaranty or Financial Guaranty.

(1) Our subprime mortgage related exposure is shown below. The criteria considered in our evaluation includes identifying the nature and quality of the underlying collateral from review of the prospectuses, borrowers with low FICO scores, unconventionally high loan-to-value ratios, low initial payments based on a fixed introductory rate that adjusts to a variable rate and borrowers with less than conventional documentation of their income and/or net assets. The identified investments, along with all other investments in the Company's portfolio, are reviewed for impairment and written down if necessary. All of the identified securities are AAA rated.

(2) None

(3) Direct Exposure through other investments

	<u>Original Cost</u>	<u>Book Carrying Value</u>	<u>Adjusted Fair Value</u>	<u>Impairment Losses to date</u>
Residential Mortgaged Backed Securities	\$53,385,825	\$53,313,600	\$52,431,867	None

(4) None

J. Schedule P Interrogatories, Page 103, Item 7.2 explanation

OCNJ entered a retroactive and prospective reinsurance agreement with affiliates Ohio Casualty and West American in 1998 to assume all policies and reserves for New Jersey private passenger auto business.

In 1992, Ohio Casualty Group stopped writing business in California. As of January 1, 2005, the remaining California liabilities were assumed by affiliate OCNJ, through a reinsurance agreement.

Data throughout this schedule has been restated to reflect the current pooling percentage, most recently changed in 2005.

Until 1999, loss reserves had been reported gross of anticipated salvage and subrogation. 1999 and subsequent reserves, however, are reported net of anticipated salvage and subrogation.

K. Schedule P Prior Accident Years Expansion

Schedule P Column 24
Total Net Losses and Expenses Unpaid (000's)

Accident Year	Part 1 A	Part 1 B	Part 1 C	Part 1 D	Part 1 E	Part 1 H1	Part 1 H2	Part 1 R1	Part 1 R2
PT88	-	4,492	5,633	31,232	16,072	24,880	-	233	-
1988	-	89	40	7,396	1	152	-	-	-
1989	14	83	62	10,826	2,561	416	-	4	-
1990	-	10	513	16,204	101	250	-	6	-
1991	56	35	81	13,191	11	404	1	32	-
1992	65	386	38	16,365	29	1,364	3	105	-
1993	10	13	173	13,420	138	471	1	23	-
1994	247	43	-	10,972	341	478	1	190	-
1995	400	44	4	9,653	1,212	993	3	53	-
1996	137	136	15	10,986	824	1,531	6	105	-
1997	50	90	505	8,939	1,693	1,606	8	401	-
Total Prior	979	5,421	7,064	149,184	22,983	32,545	23	1,152	-

NOTES TO FINANCIAL STATEMENTS

L. Investment General Interrogatory #28.4

SVO unit prices were used to determine fair value, if the prices were available. For other bonds, preferred stocks and common stocks, fair values were obtained from IDC and securities dealers, when available. For securities not actively traded, estimated fair values were determined by matrix pricing and modeling techniques. These estimates are based on the values of securities with comparable trading characteristics (e.g. interest rates, credit quality, average maturity).

M. Property and Casualty General Interrogatories #6.2

The company evaluates its Probable Maximum Loss (PML) using a variety of methods depending on the line of business and nature of exposures. These methods represent a combination of internal and external actuarial loss development and computer modeling. The company used Risk Management Solution to model its primary exposures of earthquake, hurricane, tornado and hail in the personal and commercial property lines located across the country.

21. Events Subsequent

Not applicable.

22. Reinsurance

A. Unsecured Reinsurance Recoverables

FEIN	NAIC Code	Name	Reinsurance Recoverable
13-3031176	38636	Partner Reinsurance Company	\$57,218,792
13-1675535	25364	Swiss Reinsurance	\$75,944,255

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

1. The maximum amount of return commission which would have been due reinsurers if they or Ohio Casualty had cancelled all of the Company's reinsurance or if the Company or a receiver had cancelled all of Ohio Casualty's insurance assumed as of the end of the period covered by this annual statement with the return of the unearned premium reserve is as follows:

		ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
		Premium Reserve (1)	Commission Equity (2)	Premium Reserve (3)	Commission Equity (4)	Premium Reserve (5)	Commission Equity (6)
(i)	Affiliates	\$355,328,249	\$ -	\$ -	\$ -	\$355,328,249	\$ -
(ii)	All Other	4,468,975	1,547,928	21,401,463	5,144,208	(16,932,488)	(3,596,280)
(iii)	TOTAL	\$359,797,224	\$1,547,928	\$21,401,463	\$5,144,208	\$338,395,761	\$ (3,596,280)

(iv) Direct Unearned Premium Reserve \$270,353,678

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2007 are as follows:

		REINSURANCE			Net (4)
		Direct (1)	Assumed (2)	Ceded (3)	
(i)	Contingent Commission	\$14,317,444	\$18,432,000	\$ -	\$32,749,444
(ii)	Sliding Scale Adjustments	-	-	-	-
(iii)	Other Profit Commission Arrangements	2,480,958	-	-	2,480,958
(iv)	TOTAL	\$16,798,402	\$18,432,000	\$ -	\$35,230,402

All contracts of reinsurance covering losses that have occurred prior to the inception of the contract have been accounted for in conformity with the instructions contained in the NAIC Accounting Practices and Procedures Manual.

D. Uncollectible Reinsurance

Not applicable.

E. Commutation of Ceded Reinsurance

Not applicable.

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

The amounts reported reflect the pooling participation for each company in the Ohio Casualty Insurance Pool.

	Reported Company	
	(1) Assumed	(2) Ceded
1. Reserves Transferred:		
a. Initial Reserves	\$508,403,066	\$ -
b. Adjustments-Prior Year(s)	(359,083,200)	-
c. Adjustments-Current Year	(6,936,837)	-
d. Current Total	\$142,383,029	-
2. Consideration Paid or Received		
a. Initial Consideration	\$508,403,066	-
b. Adjustments-Prior Year(s)	14,892,933	-
c. Adjustments-Current Year	-	-
d. Current Total	\$523,295,999	-
3. Paid Losses Reimbursed or Recovered		
a. Prior Year(s)	\$435,538,473	-
b. Current Year	12,415,457	-
c. Current Total	\$447,953,930	\$ -

4. Special Surplus

Not applicable.

5. All cedents and reinsurers involved in all transactions included in summary totals above:

Company	Assumed Amount	Ceded Amount
Great American Insurance - 22039	\$ 142,383,029	\$ -

6. a. 90 Days Overdue

Not applicable.

b. All contracts of reinsurance covering losses that have occurred prior to the inception of the contract have been accounted for in conformity with the instructions contained in the NAIC Accounting Practices and Procedures manual, SSAP 62, except for the following:

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable.

24. Change in Incurred Losses and Loss Adjustment Expenses

A. The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by \$117,397,000 during 2007, as shown in the chart below. This is approximately (5.6)% of unpaid losses and loss adjustment expenses of \$2,109,325,778 as of December 31, 2007. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expense.

(000's omitted) (Lines of Business)	2007 Calendar Year Loss & LAE	2007 Loss Year Loss & LAE	Total Shortage (Redundancy)	Loss & DCC Shortage (Redundancy)	Impact of AO on Total Shortage (Redundancy)
	Incurring	Incurring Sch P Part 1			
Homeowners/farmowners	\$ 82,208	\$ 87,682	\$ (5,474)	\$ (6,616)	\$ 1,141
Private passenger auto liability	104,146	119,769	(15,623)	(21,196)	5,573
Commercial auto liability	98,167	123,589	(25,422)	(25,742)	320
Workers' compensation	137,363	105,550	31,812	26,727	5,085
Commercial multiple peril	156,815	198,248	(41,433)	(44,260)	2,827
Special liability	(3)	1	(5)	(5)	-
Other liability - occurrence	71,457	128,156	(56,699)	(58,875)	2,176
Other liability - claim-made	680	710	(30)	(91)	61
Special property	27,234	29,335	(2,101)	(1,413)	(688)
Auto physical damage	98,377	99,891	(1,513)	(1,370)	(143)
Fidelity/Surety	7,415	9,324	(1,908)	(2,934)	1,026
Other	-	-	-	-	-
Products liability-occurrence	5,338	4,339	999	716	283
Products liability-claims-made	-	-	-	-	-
Totals	\$789,197	\$906,594	\$ (117,397)	\$ (135,059)	\$ 17,661

NOTES TO FINANCIAL STATEMENTS

25. Intercompany Pooling Arrangements

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2008, Ohio Casualty joined the Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement, along with its subsidiaries Avomark, American Fire, Ohio Casualty of New Jersey, Ohio Security and West American and Ohio Casualty's prior reinsurance pooling agreement was terminated. Therefore, effective January 1, 2008, the PIC Amended and Restated Reinsurance Pooling Agreement consisted of the following affiliated companies:

Company	NAIC Co #	Pooling %	Lines of Business
Lead Company:			
Peerless Insurance Company	24198	42.00%	All Lines
Affiliated Pool Companies:			
Peerless Indemnity Ins Co	18333	5.00%	All Lines
Golden Eagle Insurance Co	10836	7.00%	All Lines, except WC
Indiana Insurance Co	22659	8.00%	All Lines
The Netherlands Ins Co	24171	3.00%	All Lines
American Fire and Casualty Co	24066	1.00%	All Lines
Ohio Casualty Insurance Co	24074	34.00%	All Lines
Avomark Insurance Co	10792	0.00%	All Lines
American Ambassador Casualty Co	10073	0.00%	All Lines
America First Insurance Co	12696	0.00%	All Lines
America First Lloyd's Ins Co	11526	0.00%	All Lines
Colorado Casualty Insurance Co	41785	0.00%	All Lines
Consolidated Insurance Co	22640	0.00%	All Lines
Excelsior Insurance Co	11045	0.00%	All Lines
Globe American Casualty Co	11312	0.00%	All Lines
Hawkeye-Security Insurance Co	36919	0.00%	All Lines
Liberty Mutual Mid-Atlantic Ins Co	14486	0.00%	All Lines
Mid-America Fire & Casualty Co	23507	0.00%	All Lines
Montgomery Mutual Insurance Co	14613	0.00%	All Lines
The Midwestern Indemnity Ins Co	23515	0.00%	All Lines
National Insurance Association	27944	0.00%	All Lines
Ohio Casualty of New Jersey, Inc.	10937	0.00%	All Lines
Ohio Security Insurance Company	24082	0.00%	All Lines
West American Insurance Company	44393	0.00%	All Lines
		100.00%	
100% Quota Share Affiliated Companies:			
Liberty Northwest Insurance Co	41939	0.00%	All Lines
Bridgefield Casualty Insurance Co	10335	0.00%	All Lines
Bridgefield Employers Insurance Co	10701	0.00%	All Lines
North Pacific Insurance Company	23892	0.00%	All Lines
Oregon Automobile Insurance Company	23922	0.00%	All Lines

Prior to January 1, 2008 and effective January 1, 2005, Ohio Casualty, the lead company of the pool, assumed and retained 100% of the pool's underwriting experience. Prior to January 1, 2008 and effective January 1, 2005, no retro-cessions to the member companies occurred.

Prior to January 1, 2005 and effective January 1, 1984 Ohio Casualty and its property and casualty insurance subsidiaries, American Fire, Ohio Security, and West American entered into a reinsurance pooling agreement. Under the terms of the Agreement all outstanding underwriting liabilities as of January 1, 1984 and all subsequent insurance transactions were pooled. As part of the withdrawal agreement with the State of California, all California loss reserves remain unpooled as a liability of American Fire.

Effective January 1, 1998 Avomark was added to the reinsurance pooling agreement. Effective November 11, 1998 OCNJ (an unpooled affiliate of Ohio Casualty Group) assumed the pool's New Jersey private passenger auto policies and reserves. The companies participated in the pooled results as follows:

Company	NAIC Company Code	Percentage Share of Pooled Business
Ohio Casualty	24074	46.75%
West American	44393	46.75%
American Fire	24066	5.00%
Ohio Security	24082	1.00%
Avomark	10792	0.50%

26. Structured Settlements

A. Reserves Released due to Purchase of Annuities

The company has purchased annuities from life insurers under which the claimants are payees (See Note 14A). These annuities have been used to reduce unpaid losses by \$12,773,000 as of December 31, 2007. The company has contingent liability of \$12,773,000 should the issuers of these annuities fail to perform under the terms of the annuities.

B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

Not applicable.

27. Health Care Receivables

Not applicable.

28. Participating Policies

Not applicable.

29. Premium Deficiency Reserves

As of December 31, 2007, the company had no liabilities related to premium deficiency reserves.

30. High Deductibles

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

Not applicable.

32. Asbestos/Environmental Reserves
(\$000 omitted)

A. Asbestos Reserves

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

If yes, describe the lines of business written for which there is potential exposure, the nature of the exposure or exposures and the company's methodology for reserving for both reported and IBNR losses, and complete the following information.

Commercial multi-peril and general liability are the lines of business for which there is potential exposure for asbestos losses. Adjusters estimate the reported losses. The company has analyzed incurred but not reported reserves for asbestos and environmental losses separately from all other losses. The company carries the incurred but not reported and loss adjustment expense reserves from this analysis.

For asbestos-related losses (including coverage dispute costs) for each of the five most current calendar years, provide the following:

	2007	2006	2005	2004	2003
Direct Basis:					
a. Beginning reserves:	\$29,703	\$29,220	\$38,012	\$37,568	\$35,870
b. Incurred losses and LAE:	1,998	1,968	(6,962)	2,849	4,843
c. Calendar year payments for losses and LAE:	1,900	1,485	1,829	2,405	3,145
d. Ending reserves:	\$29,801	\$29,703	\$29,220	\$38,012	\$37,568

	2007	2006	2005	2004	2003
Assumed Reinsurance Basis:					
a. Beginning reserves:	\$7,630	\$8,666	\$1,243	\$1,494	\$2,019
b. Incurred losses and LAE:	271	(937)	7,975	428	2
c. Calendar year payments for losses and LAE:	359	99	552	679	527
d. Ending reserves:	\$7,542	\$7,630	\$8,666	\$1,243	\$1,494

	2007	2006	2005	2004	2003
Net of Ceded Reinsurance Basis:					
a. Beginning reserves:	\$23,649	\$24,129	\$29,486	\$29,144	\$29,971
b. Incurred losses and LAE:	1,957	642	(3,029)	2,846	2,845
c. Calendar year payments for losses and LAE:	1,901	1,122	2,328	2,504	3,672
d. Ending reserves:	\$23,705	\$23,649	\$24,129	\$29,486	\$29,144

B. Ending Reserves for Asbestos Claims for Bulk and IBNR Losses and LAE included in A above:

a. Direct Basis:	\$20,167
b. Assumed Reinsurance Basis	\$ 5,600
c. Net of Ceded Reinsurance Basis:	\$19,767

C. Ending Reserves for Asbestos Claims for Loss Adjustment Expense included in A above (Case, Bulk and IBNR):

a. Direct Basis:	\$16,350
b. Assumed Reinsurance Basis	\$ -
c. Net of Ceded Reinsurance Basis:	\$11,350

D. Environmental Reserves

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

	2007	2006	2005	2004	2003
Direct Basis:					
a. Beginning reserves:	\$49,352	\$49,366	\$52,770	\$40,429	\$28,416
b. Incurred losses and LAE:	6,145	3,757	218	16,631	18,817
c. Calendar year payments for losses and LAE:	4,981	3,771	3,622	4,290	6,804
d. Ending reserves:	\$50,517	\$49,352	\$49,366	\$52,770	\$40,429

	2007	2006	2005	2004	2003
Assumed Reinsurance Basis:					
a. Beginning reserves:	\$1,908	\$2,104	\$ 311	\$374	\$505
b. Incurred losses and LAE:	68	(172)	1,931	107	-
c. Calendar year payments for losses and LAE:	90	25	138	170	132
d. Ending reserves:	\$1,885	\$1,908	\$2,104	\$311	\$374

	2007	2006	2005	2004	2003
Net of Ceded Reinsurance Basis:					
a. Beginning reserves:	\$51,259	\$51,470	\$53,081	\$40,803	\$26,662
b. Incurred losses and LAE:	6,213	3,585	2,149	16,738	20,952
c. Calendar year payments for losses and LAE:	5,070	3,796	3,760	4,460	6,811
d. Ending reserves:	\$52,402	\$51,259	\$51,470	\$53,081	\$40,803

E. Ending Reserves for Environmental Claims for Bulk and IBNR Losses and LAE included in A above:

a. Direct Basis:	\$41,863
b. Assumed Reinsurance Basis	\$ 1,400
c. Net of Ceded Reinsurance Basis:	\$43,263

NOTES TO FINANCIAL STATEMENTS

F. Ending Reserves for Environmental Claims for Loss Adjustment Expense included in A above (Case, Bulk and IBNR):

a. Direct Basis:	\$11,830
b. Assumed Reinsurance Basis	\$ -
c. Net of Ceded Reinsurance Basis:	\$11,830

Asbestos and Environmental-Related Claims

Reserves for asbestos-related losses and toxic waste cleanup claims cannot be estimated with traditional loss reserving techniques. In establishing liabilities for claims for asbestos-related illnesses and for toxic waste cleanup claims, management considers facts currently known and the current state of the law and coverage litigation. However, given the expansion of coverage and liability by the courts and the legislatures in the past and the possibilities of similar interpretations in the future, there is uncertainty regarding the extent of remediation. Accordingly, additional liability could develop. Included in loss and loss adjustment expense reserves at December 31, 2007, are \$76,107,000 in estimated asbestos and environmental claims.

The retroactive reinsurance agreement with Great American Insurance Company is not included in the above note. Liabilities related to environmental matters arising from policy years prior to 1987 were excluded from the transaction.

On January 1, 2005, Ohio Casualty's net loss & LAE reserves for the state of California were transferred to its subsidiary, OCNJ. This transaction was recorded in each company's Schedule P via a reinsurance transaction of reserves and an offsetting amount of payments (Ohio Casualty ceded loss & LAE reserves, and negative loss & LAE payments, which were assumed by OCNJ). The assumed and ceded figures in this note, however, only reflect reinsurance transactions with unaffiliated insurers, in order to most clearly display the group's A&E liabilities. Consequently, net loss & LAE payments and ending reserves for California A&E are shown as direct figures in OCNJ, and are excluded from Ohio Casualty figures. Summing the two companies then produces the group's experience, without regard to inter-company transactions within the group.

Assumed amounts are based on liabilities acquired in the purchase of American Fire and Casualty. Ohio Casualty also has limited asbestos and environmental exposures related to assumed reinsurance business written prior to 1980 with small policy limits.

33. Subscriber Savings Accounts
Not applicable.
34. Multiple Peril Crop Insurance
Not applicable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	27,433,661	0.681	27,433,661	0.681
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	6,089,802	0.151	6,089,802	0.151
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	202,085,346	5.019	202,085,346	5.019
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	376,191,102	9.343	376,191,102	9.343
1.43 Revenue and assessment obligations	855,970,049	21.259	855,970,049	21.259
1.44 Industrial development and similar obligations	465,000	0.012	465,000	0.012
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	248,782	0.006	248,782	0.006
1.512 Issued or guaranteed by FNMA and FHLMC	72,055,706	1.790	72,055,706	1.790
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	167,087,291	4.150	167,087,291	4.150
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	71,160	0.002	71,160	0.002
1.523 All other	227,483,522	5.650	227,483,522	5.650
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,105,725,599	27.462	1,105,725,599	27.462
2.2 Unaffiliated foreign securities	146,977,799	3.650	146,977,799	3.650
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	11,572,670	0.287	11,572,670	0.287
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	84,226,726	2.092	84,226,726	2.092
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	196,898,798	4.890	196,898,798	4.890
3.4 Other equity securities:				
3.41 Affiliated	348,118,468	8.646	348,118,468	8.646
3.42 Unaffiliated	26,083,023	0.648	26,083,023	0.648
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	17,714,920	0.440	17,714,920	0.440
5.2 Property held for production of income (including \$ of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)	2,000,000	0.050	2,000,000	0.050
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	151,727,918	3.768	151,727,918	3.768
9. Other invested assets	198,042	0.005	198,042	0.005
10. Total invested assets	4,026,425,384	100.000	4,026,425,384	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ()
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No () N/A ()
- 1.3 State Regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes (X) No ()
- 2.2 If yes, date of change: 08/24/2007
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 10/05/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/05/2006
- 3.4 By what department or departments?
Ohio
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes () No (X)
4.12 renewals? Yes () No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes () No (X)
4.22 renewals? Yes () No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes (X) No ()
- 5.2 If yes, provide name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes () No (X)
- 6.2 If yes, give full information:
.....
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes () No (X)
- 7.2 If yes, %
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g. individual, corporation, government, manager or attorney-in-fact).

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

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No (X)
- 8.4 If response to 8.3 is yes, please provide the names and location (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 1900 Scripps Center
 312 Walnut Street Cincinnati, OH 45202
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?
 Charles H Boucek, FCAS, MAAA 233 South Wacker Drive
 Ernst & Young LLP Chicago, IL 60606
- 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

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 (X)
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ()
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:

- 13.2 Has the code of ethics for senior managers been amended? Yes (X) No ()
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
 The Liberty Mutual Code of Ethics has been adopted.

- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes () No (X)
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes () No (X)
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 18.11 To directors or other officers | \$ |
| | 18.12 To stockholders not officers | \$ |
| | 18.13 Trustees, supreme or grand (Fraternal only) | \$ |
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 18.21 To directors or other officers | \$ |
| | 18.22 To stockholders not officers | \$ |
| | 18.23 Trustees, supreme or grand (Fraternal only) | \$ |
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes () No (X)
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------|----------|
| | 19.21 Rented from others | \$ |
| | 19.22 Borrowed from others | \$ |
| | 19.23 Leased from others | \$ |
| | 19.24 Other | \$ |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes () No (X)
- 20.2 If answer is yes:
- | | | |
|--|--|----------|
| | 20.21 Amount paid as losses or risk adjustment | \$ |
| | 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 (X) No ()
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 1,956,314

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? Yes (X) No ()
- 22.2 If no, give full and complete information relating thereto:

- 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) Yes (X) No ()
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|--|---------------------|
| | 23.21 Loaned to others | \$ |
| | 23.22 Subject to repurchase agreements | \$ |
| | 23.23 Subject to reverse repurchase agreements | \$ |
| | 23.24 Subject to dollar repurchase agreements | \$ |
| | 23.25 Subject to reverse dollar repurchase agreements | \$ |
| | 23.26 Pledged as collateral | \$ 98,646,499 |
| | 23.27 Placed under option agreements | \$ |
| | 23.28 Letter stock or securities restricted as to sale | \$ |
| | 23.29 On deposit with state or other regulatory body | \$ 9,090,977 |
| | 23.291 Other | \$ |

23.3 For category (23.28) 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? If no, attach a description with this statement. Yes () No () N/A (X)
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes () No (X)
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES

INVESTMENT

26. Excluding items in Schedule E, 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, G - 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
J P Morgan Chase	4 New York Plaza NY, NY 10004
US Bank Corporate Trust Svcs	21 South St., 3rd Floor, Morristown, NJ 07960
.....

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

1 Central Registration Depository Number(s)	2 Name	3 Address
.....
.....
.....

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

27.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
Line 27.2998 from Overflow page
Line 27.2999 TOTAL (9999999)

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

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

GENERAL INTERROGATORIES

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value of 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	\$ 3,187,884,819	\$ 3,233,963,232	\$ 46,078,413
28.2 Preferred stocks	\$ 84,226,726	\$ 84,232,976	\$ 6,250
28.3 Totals	\$ 3,272,111,545	\$ 3,318,196,208	\$ 46,084,663

28.4 Describe the sources or methods utilized in determining the fair values:
See Notes to Financial Statements, Note 20L, Other Items.

29.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ()

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ 2,107,352

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
Insurance Services Office	\$ 1,491,941
.....	\$
.....	\$
.....	\$

31.1 Amount of payments for legal expenses, if any? \$ 2,889,737

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
Baker & Hostetler LLC	\$ 944,986
.....	\$
.....	\$
.....	\$

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 34,320

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
Ohio Insurance Institute	\$ 12,116
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND 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 Line (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 Current Year	2 Prior Year
2.1 Premium Numerator	\$	\$
2.2 Premium Denominator	\$	\$
2.3 Premium Ratio (Line 2.1/Line 2.2)
2.4 Reserve Numerator	\$	\$
2.5 Reserve Denominator	\$	\$
2.6 Reserve Ratio (Line 2.4/Line 2.5)

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes () No (X)
- 3.2 If yes, state the amount of calendar year premiums written on:
 - 3.21 Participating policies \$
 - 3.22 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchange only:

- 4.1 Does the reporting entity issue assessable policies? Yes () No ()
- 4.2 Does the reporting entity issue non-assessable policies? Yes () No ()
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

5. For Reciprocal Exchanges only:

- 5.1 Does the exchange appoint local agents? Yes () No ()
- 5.2 If yes, is the commission paid:
 - 5.21 Out of Attorney's-in-fact compensation Yes () No () 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 ()

5.5 If yes, give full information.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 Casualty reinsurance covers \$4M excess \$2M each loss.
 Workers' Comp cat reinsurance covers \$46M excess \$2M each loss.
- 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:
 See Notes to Financial Statements, Note 20M, Other Items
- 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?
 Cat Reins covers 100M x 25M (per occurrence)
- 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 uninsured catastrophic loss.

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes () No (X)
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes () No (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 the 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)

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original reporting entity would have been required to charge had it retained the risks. Has this been done? Yes (X) No () N/A ()
- 11.1 Has this 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) | | \$ |
- 12.2 Of the amount on Line 13.3 of the asset schedule, Page 2, state the amount which 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 the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes () No (X)
- 12.6 If yes, state the amount thereof at December 31 of the 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): \$ 2,600,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes () No (X)
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes () No (X)
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 See Note to Financial Statements, Note 25, Intercompany Pooling Arrangements

- 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 (X) No ()
- 14.4 If the answer to 14.3 is no, are 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.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

16.1 Does the reporting entity write any warranty business? Yes () No (X)

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

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

* Disclose type of coverage:

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 2007	2 2006	3 2005	4 2004	5 2003
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	654,693,919	705,595,446	881,409,918	778,946,240	789,606,620
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	220,451,992	221,276,590	279,544,517	242,832,740	245,958,492
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	456,301,607	485,421,934	631,145,450	513,480,024	485,260,781
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	62,318,215	60,672,803	71,889,136	49,096,569	44,833,450
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)					
6. Total (Line 34)	1,393,765,733	1,472,966,773	1,863,989,021	1,584,355,573	1,565,659,343
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	603,986,106	652,947,059	819,105,475	307,389,656	316,667,888
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	219,476,939	220,381,612	279,014,715	113,090,549	114,457,972
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	451,396,385	480,617,899	627,789,910	237,517,203	223,250,532
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	60,485,129	58,459,260	69,589,720	21,976,844	20,060,593
11. Nonproportional reinsurance lines (Line 30, 31 and 32)					
12. Total (Line 34)	1,335,344,559	1,412,405,830	1,795,499,820	679,974,252	674,436,985
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	33,433,529	94,543,462	98,940,910	26,572,649	(38,385,814)
14. Net investment gain (loss) (Line 11)	182,455,170	182,755,795	482,574,233	133,231,869	121,925,849
15. Total other income (Line 15)	(8,236,227)	(19,373,622)	(24,105,249)	(7,614,689)	(1,791,760)
16. Dividends to policyholders (Line 17)	982,552	1,074,907	1,238,242	574,814	372,346
17. Federal and foreign income taxes incurred (Line 19)	64,837,057	50,824,266	141,169,682	13,298,485	9,795,215
18. Net income (Line 20)	141,832,863	206,026,462	415,001,970	138,316,530	71,580,714
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Column 3)	4,581,054,663	4,349,755,979	4,271,271,351	2,595,541,693	2,390,499,337
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 13.1)	50,684,131	46,564,122	35,473,929	18,971,327	21,835,722
20.2 Deferred and not yet due (Line 13.2)	281,834,256	301,038,867	299,800,577	145,150,111	141,369,832
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	3,224,622,680	3,267,058,181	3,266,726,024	1,623,501,674	1,522,872,523
22. Losses (Page 3, Line 1)	1,677,965,466	1,691,731,260	1,636,791,897	730,644,541	689,646,164
23. Loss adjustment expenses (Page 3, Line 3)	431,360,327	425,810,931	410,074,555	182,170,032	172,081,370
24. Unearned premiums (Page 3, Line 9)	608,749,439	633,754,616	645,578,755	303,753,684	300,328,698
25. Capital paid up (Page 3, Line 28 and Line 29)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	1,356,431,987	1,082,717,796	1,004,545,315	972,040,019	867,626,830
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	90,829,372	282,882,523	1,766,159,164	184,845,709	122,010,462
Risk-Based Capital Analysis					
28. Total adjusted capital	1,356,431,987	1,082,717,796	1,004,545,315	972,040,019	867,626,830
29. Authorized control level risk-based capital	208,590,041	190,041,651	180,248,168	141,812,866	132,738,645
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 10, Column 3) x 100.0					
30. Bonds (Line 1)	79.2	77.5	81.7	62.7	62.5
31. Stocks (Line 2.1 and Line 2.2)	16.6	21.1	18.0	37.0	37.1
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)	0.5	0.7	0.7	1.1	1.3
34. Cash, cash equivalents and short-term investments (Line 5)	3.8	0.5	(0.4)	(0.8)	(0.9)
35. Contact loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)		0.3	0.1		
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 (Schedule D, Summary, Line 25, Column 1)					
41. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)					
42. Affiliated common stocks (Schedule D, Summary, Line 53, Column 1)	348,118,468	354,290,617	322,750,686	695,339,192	652,476,754
43. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 7)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Line 40 through Line 45	348,118,468	354,290,617	322,750,686	695,339,192	652,476,754
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Column 1, Line 35 x 100.0)	25.7	32.7	32.1	71.5	75.2

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2007	2 2006	3 2005	4 2004	5 2003
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24).....	(27,360,394)	42,333,892	(379,125,972)	63,282,224	90,151,567
49. Dividends to stockholders (Line 35).....	(95,000,000)	(195,000,000)	(138,300,000)	(86,700,000)	
50. Change in surplus as regards policyholders for the year (Line 38).....	273,714,190	78,172,500	32,505,297	104,413,193	141,878,397
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4).....	390,970,421	402,980,363	(239,664,290)	416,063,475	436,110,409
52. Property lines (Lines 1, 2, 9, 12, 21 and 26).....	106,598,704	103,496,831	102,937,735	109,513,657	118,791,577
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27).....	206,814,784	216,516,744	20,807,189	222,224,673	238,775,793
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33).....	5,544,512	8,688,831	6,181,667	11,435,743	7,905,687
55. Nonproportional reinsurance lines (Lines 30, 31, and 32).....					
56. Total (Line 34).....	709,928,421	731,682,769	(109,737,699)	759,237,548	801,583,466
Net Losses Paid (Page 9, Part 2, Column 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4).....	330,592,437	340,961,213	(292,634,458)	165,211,086	167,354,185
58. Property lines (Lines 1, 2, 9, 12, 21 and 26).....	106,891,886	103,118,442	102,144,929	50,497,048	55,525,833
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27).....	205,698,729	213,937,452	19,668,672	99,556,918	111,316,570
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33).....	4,625,604	5,926,310	2,784,129	2,649,519	2,082,342
61. Nonproportional reinsurance lines (Lines 30, 31, and 32).....					
62. Total (Line 34).....	647,808,656	663,943,417	(168,036,728)	317,914,571	336,278,930
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).....	46.6	51.0	50.7	52.9	59.2
65. Loss expenses incurred (Line 3).....	11.4	10.8	10.8	10.7	12.5
66. Other underwriting expenses incurred (Line 4).....	39.5	31.6	31.7	32.8	33.9
67. Net underwriting gain (loss) (Line 8).....	2.5	6.6	6.8	3.9	(5.8)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0).....	40.9	33.2	27.0	33.4	33.9
69. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0).....	58.0	61.8	61.5	63.6	71.7
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0).....	98.4	130.5	178.7	70.0	77.7
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, Column 11).....	(135,058)	(68,659)	(31,708)	(10,527)	19,924
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, Column 1 x 100.0).....	(12.5)	(6.8)	(3.3)	(1.2)	2.7
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, Column 12).....	(156,266)	(82,286)	(29,019)	24,766	55,962
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, Column 2 x 100.0).....	(15.6)	(8.5)	(3.3)	3.4	7.3

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	33,772,246	34,196,649	33,787,014	33,635,347
	2. Canada				
	3. Other Countries				
	4. Totals	33,772,246	34,196,649	33,787,014	33,635,347
States, Territories and Possessions (Direct and guaranteed)	5. United States	179,305,353	182,137,102	181,896,200	167,380,000
	6. Canada				
	7. Other Countries				
	8. Totals	179,305,353	182,137,102	181,896,200	167,380,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	409,529,940	417,698,173	415,653,296	378,875,000
	10. Canada				
	11. Other Countries				
	12. Totals	409,529,940	417,698,173	415,653,296	378,875,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	1,085,019,200	1,094,454,461	1,098,187,791	1,037,043,242
	14. Canada				
	15. Other Countries				
	16. Totals	1,085,019,200	1,094,454,461	1,098,187,791	1,037,043,242
Public Utilities (unaffiliated)	17. United States	66,574,169	69,281,164	66,734,811	66,659,195
	18. Canada				
	19. Other Countries				
	20. Totals	66,574,169	69,281,164	66,734,811	66,659,195
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	1,266,706,116	1,289,191,274	1,269,873,072	1,257,084,346
	22. Canada	31,959,766	32,791,646	32,043,634	31,407,000
	23. Other Countries	115,018,033	114,212,759	115,422,620	115,444,370
	24. Totals	1,413,683,915	1,436,195,679	1,417,339,326	1,403,935,716
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	3,187,884,823	3,233,963,228	3,213,598,438	3,087,528,500
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States	17,487,175	17,487,175	17,791,915	
	28. Canada				
	29. Other Countries				
	30. Totals	17,487,175	17,487,175	17,791,915	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	54,404,240	54,404,240	64,325,250	
	32. Canada				
	33. Other Countries				
	34. Totals	54,404,240	54,404,240	64,325,250	
Industrial and Miscellaneous (unaffiliated)	35. United States	12,335,311	12,341,561	13,009,570	
	36. Canada				
	37. Other Countries				
	38. Totals	12,335,311	12,341,561	13,009,570	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	84,226,726	84,232,976	95,126,735	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States	3,146,520	3,146,520	2,419,119	
	42. Canada				
	43. Other Countries				
	44. Totals	3,146,520	3,146,520	2,419,119	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	38,921,331	38,921,331	35,958,335	
	46. Canada				
	47. Other Countries				
	48. Totals	38,921,331	38,921,331	35,958,335	
Industrial and Miscellaneous (unaffiliated)	49. United States	182,132,234	182,132,234	114,274,969	
	50. Canada	1,808,150	1,808,150	1,388,265	
	51. Other Countries	8,546,256	8,546,256	5,302,720	
	52. Totals	192,486,640	192,486,640	120,965,954	
Parent, Subsidiaries and Affiliates	53. Totals	348,118,468	348,118,468	227,818,864	
	54. Total Common Stocks	582,672,959	582,672,959	387,162,272	
	55. Total Stocks	666,899,685	666,905,935	482,289,007	
	56. Total Bonds and Stocks	3,854,784,508	3,900,869,163	3,695,887,445	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	3,738,969,132	7. Amortization of premium	12,407,371
2. Cost of bonds and stocks acquired, Column 7, Part 3	855,454,899	8. Foreign Exchange Adjustment:	
3. Accrual of discount	1,465,091	8.1 Column 15, Part 1	
4. Increase (decreased) by adjustment:		8.2 Column 19, Part 2, Section 1	
4.1 Column 12 minus Column 14, Part 1	(1,362,079)	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 minus Column 17, Part 2, Section 1	(12,073,419)	8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	(6,746,924)	9. Book/adjusted carrying value at end of current period	3,854,784,503
4.4 Column 11 minus Column 13, Part 4	(17,878,003)	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	(38,060,425)	11. Subtotal (Line 9 plus Line 10)	3,854,784,503
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	20,853,114	12. Total nonadmitted amounts	
	711,489,937	13. Statement value of bonds and stocks, current period	3,854,784,503

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 (Columns 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 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	XXX	XXX	XXX	20,427	8,127	4,251	1,813	1,302		1,073	16,040	XXX
2. 1998	1,303,162	53,802	1,249,360	831,045	22,756	44,635	2,399	99,729	(2,866)	32,951	953,120	XXX
3. 1999	1,547,692	105,169	1,442,523	1,080,645	111,472	68,025	6,693	116,079	931	40,939	1,145,653	XXX
4. 2000	1,551,178	114,429	1,436,749	1,059,034	78,909	75,820	10,032	108,986	649	50,445	1,154,250	XXX
5. 2001	1,476,840	88,110	1,388,730	876,155	74,085	53,102	2,691	106,161	655	55,749	957,987	XXX
6. 2002	1,473,680	95,659	1,378,021	756,867	85,494	42,660	3,961	92,871	700	31,124	802,243	XXX
7. 2003	1,553,772	130,557	1,423,215	702,821	66,311	37,196	2,125	87,893	1,157	29,367	758,317	XXX
8. 2004	1,592,005	144,841	1,447,164	609,079	38,744	26,212	1,265	77,042	946	29,635	671,378	XXX
9. 2005	1,565,931	112,256	1,453,675	496,307	13,178	17,046	188	67,587	356	23,477	567,218	XXX
10. 2006	1,506,852	82,622	1,424,230	413,718	1,563	8,714	7	65,030	1	21,672	485,891	XXX
11. 2007	1,444,914	84,564	1,360,350	288,766	1,114	2,182	8	57,142	4	11,074	346,964	XXX
12. Totals	XXX	XXX	XXX	7,134,864	501,753	379,843	31,182	879,822	2,533	327,506	7,859,061	XXX

	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 & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	216,872	100,583	123,754	58,440			48,205	21,459	12,073	1,261	829	219,161	XXX
2.	9,384	3,074	11,837	3,212			3,993	640	1,522	11	488	19,799	XXX
3.	35,148	9,036	32,315	9,315			6,447	1,048	4,511	19	2,959	59,003	XXX
4.	52,587	26,782	47,178	15,609			9,353	2,022	5,335	75	3,137	69,965	XXX
5.	30,203	9,354	46,056	14,070			10,610	3,254	4,572	6	1,685	64,757	XXX
6.	39,143	12,084	54,533	16,883			16,221	4,630	5,379	483	1,709	81,196	XXX
7.	58,532	14,504	84,025	32,218			26,348	5,581	10,912	766	2,875	126,748	XXX
8.	76,363	11,519	124,538	40,575			35,716	5,322	19,868	923	4,176	198,146	XXX
9.	97,879	6,382	170,742	40,905			46,401	3,330	28,863	1,853	6,107	291,415	XXX
10.	151,805	17,684	224,765	27,659			59,439	2,851	33,792	2,102	9,888	419,505	XXX
11.	166,619	2,634	326,452	30,241			67,960	2,315	37,613	3,823	19,267	559,631	XXX
12.	934,535	213,636	1,246,195	289,127			330,693	52,452	164,440	11,322	53,120	2,109,326	XXX

	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.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	181,603	37,558
2.	1,002,145	29,226	972,919	76.9	54.3	77.9			100.0	14,935	4,864
3.	1,343,170	138,514	1,204,656	86.8	131.7	83.5			100.0	49,112	9,891
4.	1,358,293	134,078	1,224,215	87.6	117.2	85.2			100.0	57,374	12,591
5.	1,126,859	104,115	1,022,744	76.3	118.2	73.6			100.0	52,835	11,922
6.	1,007,674	124,235	883,439	68.4	129.9	64.1			100.0	64,709	16,487
7.	1,007,727	122,662	885,065	64.9	94.0	62.2			100.0	95,835	30,913
8.	968,818	99,294	869,524	60.9	68.6	60.1			100.0	148,807	49,339
9.	924,825	66,192	858,633	59.1	59.0	59.1			100.0	221,334	70,081
10.	957,263	51,867	905,396	63.5	62.8	63.6			100.0	331,227	88,278
11.	946,734	40,139	906,595	65.5	47.5	66.6			100.0	460,196	99,435
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	1,677,967	431,359

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	11 One Year	12 Two Year	
1. Prior	783,280	791,243	801,901	788,247	832,437	852,173	864,563	887,768	887,447	889,191	1,744	1,423	
2. 1998	888,178	856,633	847,496	841,634	857,196	857,442	860,715	863,165	868,269	868,814	545	5,649	
3. 1999	X X X	983,990	1,034,896	1,037,566	1,044,569	1,062,391	1,065,379	1,078,114	1,082,397	1,085,015	2,618	6,901	
4. 2000	X X X	X X X	1,056,006	1,071,024	1,070,492	1,095,645	1,097,103	1,104,920	1,107,440	1,110,619	3,179	5,699	
5. 2001	X X X	X X X	X X X	935,743	915,044	925,014	924,065	918,797	915,387	912,672	(2,715)	(6,125)	
6. 2002	X X X	X X X	X X X	X X X	860,340	830,030	821,227	801,177	791,088	786,372	(4,716)	(14,805)	
7. 2003	X X X	X X X	X X X	X X X	X X X	885,716	852,838	825,451	801,057	788,184	(12,873)	(37,267)	
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	851,983	826,773	802,502	774,483	(28,019)	(52,290)	
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	829,843	811,762	764,392	(47,370)	(65,451)	
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	856,127	808,676	(47,451)	X X X	
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	815,666	X X X	X X X	
											12. Totals	(135,058)	(156,266)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0	232,572	367,582	448,602	509,042	552,474	583,493	647,312	666,102	680,841	X X X	X X X
2. 1998	495,113	644,223	719,243	771,504	808,396	823,583	832,872	839,770	845,745	850,525	X X X	X X X
3. 1999	X X X	496,898	712,767	809,635	892,846	952,736	988,371	1,007,748	1,022,230	1,030,505	X X X	X X X
4. 2000	X X X	X X X	500,507	721,176	825,191	916,494	975,036	1,012,968	1,032,475	1,045,914	X X X	X X X
5. 2001	X X X	X X X	X X X	421,551	593,992	687,249	760,146	807,020	835,349	852,481	X X X	X X X
6. 2002	X X X	X X X	X X X	X X X	337,346	487,546	568,844	640,220	683,786	710,071	X X X	X X X
7. 2003	X X X	X X X	X X X	X X X	X X X	331,348	479,081	549,999	619,298	671,582	X X X	X X X
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	302,361	451,766	532,988	595,283	X X X	X X X
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	282,612	422,877	499,987	X X X	X X X
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	290,982	420,862	X X X	X X X
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	289,826	X X X	X X X

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007
1. Prior	289,533	182,795	177,362	147,226	164,825	156,502	149,740	109,974	96,862	92,061
2. 1998	191,154	87,422	44,212	19,870	23,847	17,359	16,094	13,350	14,243	11,978
3. 1999	X X X	216,475	135,747	91,619	71,418	53,244	42,313	36,914	32,019	28,399
4. 2000	X X X	X X X	271,987	172,452	130,608	90,522	66,553	53,511	44,936	38,900
5. 2001	X X X	X X X	X X X	289,623	200,007	135,554	95,330	67,504	49,725	39,342
6. 2002	X X X	X X X	X X X	X X X	357,652	217,219	155,461	94,445	63,068	49,241
7. 2003	X X X	X X X	X X X	X X X	X X X	372,582	248,068	167,743	103,864	72,574
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	383,948	245,917	167,527	114,356
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	380,909	250,939	172,907
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	386,256	253,694
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	361,856

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	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 Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL Yes	5,324,155	5,799,148		2,076,932	(968,764)	15,153,630		17,128
2. Alaska	AK Yes	12,276,891	11,672,170		1,322,693	2,715,978	8,268,733		648
3. Arizona	AZ Yes	7,401,984	6,753,702		3,342,497	18,832,539	28,021,959		46,118
4. Arkansas	AR Yes	6,138,169	6,295,693		3,051,457	2,444	5,440,890		8,213
5. California	CA No								
6. Colorado	CO Yes	4,411,663	4,713,249		2,427,708	3,246,171	9,977,310		17,055
7. Connecticut	CT Yes	11,969,167	12,983,261		3,088,361	5,067,070	29,726,895		26,637
8. Delaware	DE Yes	898,799	987,969		185,463	370,074	1,858,734		4,160
9. Dist. Columbia	DC Yes	1,310,511	1,431,184		430,049	403,611	2,207,615		1,125
10. Florida	FL Yes	33,119,252	34,884,198		34,888,623	25,450,268	56,577,651		293,312
11. Georgia	GA Yes	7,677,324	8,445,628		2,060,030	3,985,582	23,356,279		35,703
12. Hawaii	HI Yes	98,804	109,037			(23,936)	291,077		
13. Idaho	ID Yes	3,033,601	3,213,408		586,561	984,885	2,230,380		3,925
14. Illinois	IL Yes	16,847,605	19,185,994		9,247,738	(1,417,240)	44,539,600		33,395
15. Indiana	IN Yes	7,814,993	8,328,243		3,106,838	(2,343,235)	12,996,210		14,892
16. Iowa	IA Yes	517,596	638,734		2,510,512	2,435,721	5,309,152		6,782
17. Kansas	KS Yes	3,836,721	3,991,928		1,470,114	3,114,457	8,905,157		5,924
18. Kentucky	KY Yes	28,449,349	30,004,224		8,946,108	6,813,677	32,304,940		11,909
19. Louisiana	LA Yes	7,496,937	7,886,304		5,734,553	2,244,117	8,635,900		30,762
20. Maine	ME Yes	899,894	1,002,689		24,394	(324,988)	1,412,866		2,314
21. Maryland	MD Yes	28,293,713	29,601,045		16,159,998	8,976,414	36,389,690		42,285
22. Massachusetts	MA Yes	12,773,401	13,763,667		2,201,009	96,069	39,322,022		26,572
23. Michigan	MI Yes	7,652,787	9,006,301		5,475,614	6,087,593	23,122,628		33,843
24. Minnesota	MN Yes	2,028,761	2,539,245		537,667	(43,992)	6,196,736		17,241
25. Mississippi	MS Yes	4,261,828	4,556,872		146,977	(686,600)	6,409,977		12,710
26. Missouri	MO Yes	9,873,476	10,501,021		3,336,346	2,138,375	19,221,329		23,038
27. Montana	MT Yes	129,621	126,871		278,997	(275,949)	248,403		800
28. Nebraska	NE Yes	1,187,359	1,310,596		510,591	(352,584)	2,691,608		4,185
29. Nevada	NV Yes	377,831	374,546			56,401	553,693		46,078
30. New Hampshire	NH Yes	635,581	695,301		2,404,961	1,840,016	1,605,729		6,747
31. New Jersey	NJ Yes	62,977,126	67,319,639	1,289	37,973,913	58,613,007	197,189,403		81,264
32. New Mexico	NM Yes	9,869,347	9,973,873		3,247,398	4,677,834	8,934,722		5,179
33. New York	NY Yes	21,889,035	24,499,833		19,389,291	(5,778,439)	76,813,266		62,195
34. North Carolina	NC Yes	31,450,775	33,236,495	323	11,992,689	7,858,469	40,993,992		46,285
35. North Dakota	ND Yes	217,487	303,819		8,042	(146,261)	698,322		310
36. Ohio	OH Yes	22,089,320	24,279,368		6,359,244	510,717	29,433,814		27,841
37. Oklahoma	OK Yes	25,014,441	25,748,263		9,093,968	7,723,478	21,255,785		9,987
38. Oregon	OR Yes	13,917,103	14,299,323		2,783,037	4,406,589	13,960,926		8,656
39. Pennsylvania	PA Yes	33,697,845	34,551,000		13,642,823	9,314,527	64,029,658		80,828
40. Rhode Island	RI Yes	1,424,417	1,494,900		294,318	(261,421)	4,490,565		2,696
41. South Carolina	SC Yes	11,489,174	12,072,537		9,486,960	4,860,976	22,383,040	8,970	38,351
42. South Dakota	SD Yes	66,597	66,893		901	(10,765)	245,491		1,045
43. Tennessee	TN Yes	9,620,146	10,402,029		3,313,439	(1,488,674)	19,495,885		28,710
44. Texas	TX Yes	44,348,472	47,582,833		14,198,388	15,431,099	73,817,508		132,026
45. Utah	UT Yes	9,307,755	9,052,275		2,461,267	3,892,841	8,715,864		7,389
46. Vermont	VT Yes	80,127	94,056		16,198	(38,448)	120,012		780
47. Virginia	VA Yes	10,156,786	10,759,956		3,039,639	(441,923)	19,873,397		46,803
48. Washington	WA Yes	28,983,115	29,850,384		9,458,790	10,431,484	37,520,873		19,458
49. West Virginia	WV Yes	1,537,408	1,644,951		189,603	499,959	1,692,652		5,679
50. Wisconsin	WI Yes	4,148,025	4,388,942		1,674,210	1,840,716	7,990,347		8,967
51. Wyoming	WY Yes	3,221,341	3,288,149		843,483	114,165	1,820,712		1,745
52. American Samoa	AS No								
53. Guam	GU No								
54. Puerto Rico	PR No								
55. U. S. Virgin Islands	VI No								
56. Northern Mariana Islands	MP No								
57. Canada	CN No								
58. Aggregate other alien	OT XXX								
59. Totals	(a) 50	572,243,615	605,711,746	1,612	265,020,392	210,434,104	1,084,453,027	8,970	1,389,695

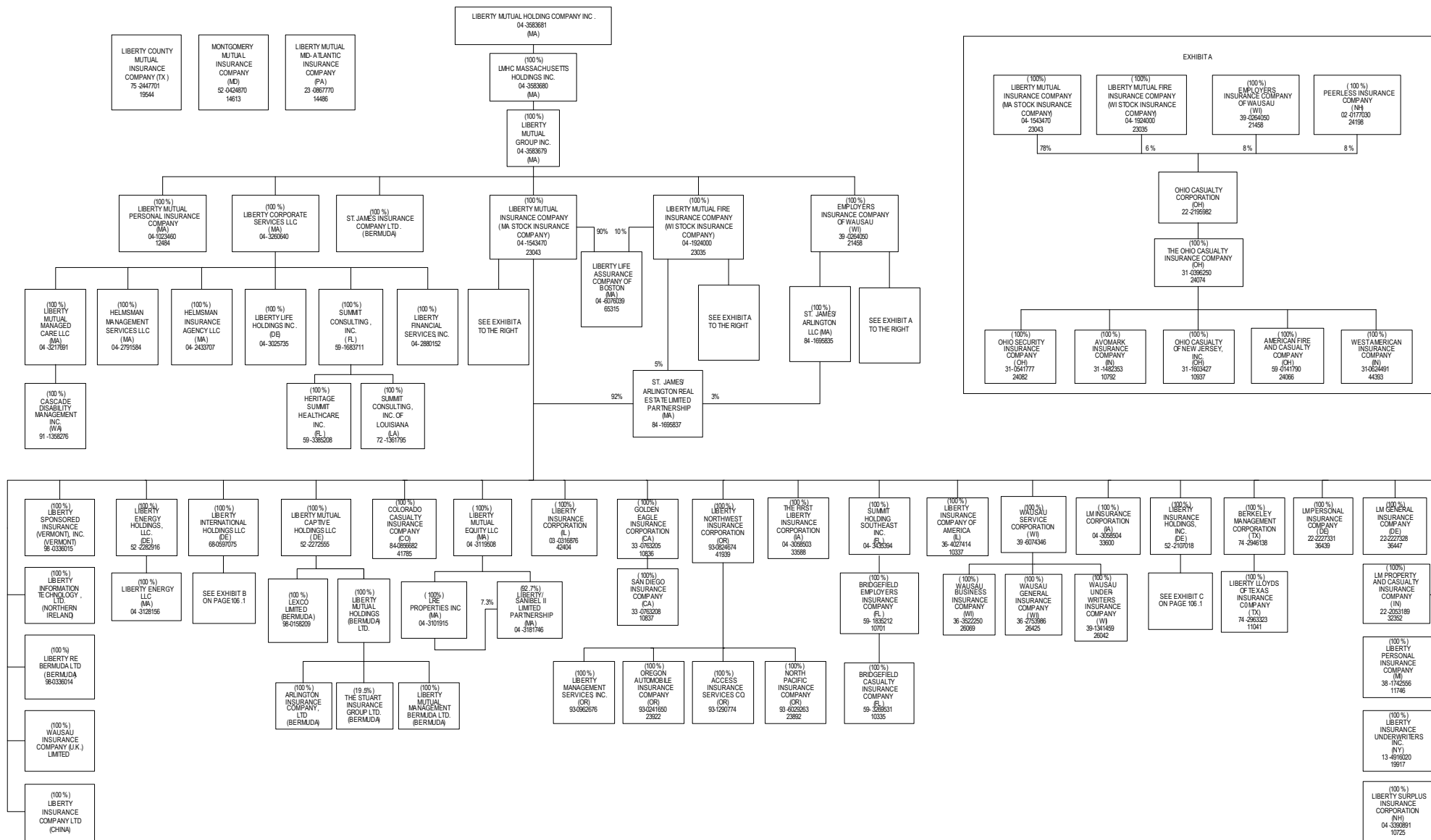
DETAILS OF WRITE-INS

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE THE OHIO CASUALTY INSURANCE COMPANY
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Property and Casualty

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