



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
OF THE CONDITION AND AFFAIRS OF THE
SAFECO INSURANCE COMPANY OF AMERICA

NAIC Group Code 0111, 0163 NAIC Company Code 24740 Employer's ID Number 91-0742148
Organized under the Laws of Washington, State of Domicile or Port of Entry Washington
Country of Domicile United States
Incorporated/Organized 09/02/1953 Commenced Business 10/01/1953
Statutory Home Office 1001 FOURTH AVE, SAFECO PLAZA SEATTLE, WA 98154
Main Administrative Office 1001 FOURTH AVE, SAFECO PLAZA SEATTLE, WA 98154 206-545-5000
Mail Address 1001 FOURTH AVE, SAFECO PLAZA SEATTLE, WA 98154
Primary Location of Books and Records 1001 FOURTH AVE, SAFECO PLAZA SEATTLE, WA 98154 206-545-5000
Internet Website Address WWW.SAFECO.COM
Statutory Statement Contact BOBBI ANE HODGSON-JEFFERS 206-545-5000
bobhod@safeco.com (E-mail Address) 206-473-6770 (Fax Number)

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes GARY RICHARD GREGG # (Chairman of the Board, CEO & President), MICHAEL JOSEPH FALLON # (Chief Financial Officer & Treasurer), DEXTER ROBERT LEGG # (Secretary).

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes ANTHONY ALEXANDER FONTANES # (Chief Investment Officer & EVP), SCOTT RHODES GOODBY # (Chief Operating Officer & EVP), JOSEPH ANTHONY GILLES # (Executive Vice President).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Includes JOHN DEREK DOYLE #, MICHAEL JOSEPH FALLON #, ANTHONY ALEXANDER FONTANES #, JOSEPH ANTHONY GILLES #, SCOTT RHODES GOODBY #, GARY RICHARD GREGG #, CHRISTOPHER CHARLES MANSFIELD #.

State of MASSACHUSETTS

County of SUFFOLK ss

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

GARY RICHARD GREGG #
Chairman of the Board, CEO & President

DEXTER ROBERT LEGG #
Secretary

MICHAEL JOSEPH FALLON #
Chief Financial Officer & Treasurer

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

COLLEEN K. LYNCH NOTARY PUBLIC
02/13/2015

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

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	2,367,265,747		2,367,265,747	2,495,439,354
2. Stocks (Schedule D):				
2.1 Preferred stocks	94,428,198		94,428,198	55,499,515
2.2 Common stocks	187,403,551		187,403,551	443,736,439
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (123,864,710) , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$391,228,459 , Schedule DA).....	267,363,750		267,363,750	53,483,126
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	35,651,608	1,068,000	34,583,608	25,111,035
8. Receivables for securities	286,260		286,260	419,962
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	2,952,399,114	1,068,000	2,951,331,114	3,073,689,431
11. Title plants less \$ charged off (for Title insurers only).....			0	0
12. Investment income due and accrued	34,037,369		34,037,369	33,936,490
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	290,062,595	9,784,149	280,278,446	380,951,206
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$4,826,262 earned but unbilled premium).....	276,704,008	536,251	276,167,757	243,930,098
13.3 Accrued retrospective premium.....	856,229	85,623	770,606	672,317
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	259,224,748		259,224,748	213,568,880
14.2 Funds held by or deposited with reinsured companies	118,512		118,512	258,184
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	16,991,688		16,991,688	6,302,658
16.2 Net deferred tax asset	196,712,811	94,873,991	101,838,820	91,889,873
17. Guaranty funds receivable or on deposit	2,570,849		2,570,849	1,159,212
18. Electronic data processing equipment and software.....	64,278,747	44,213,755	20,064,992	18,291,110
19. Furniture and equipment, including health care delivery assets (\$)	10,959,421	10,959,421	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	6,455,732		6,455,732	32,770
22. Health care (\$) and other amounts receivable			0	0
23. Aggregate write-ins for other than invested assets	109,796,720	107,414,145	2,382,575	2,565,888
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	4,221,168,543	268,935,335	3,952,233,208	4,067,248,117
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. Total (Lines 24 and 25)	4,221,168,543	268,935,335	3,952,233,208	4,067,248,117
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Insurance.....	6,578,973	6,578,973	0	0
2302. Prepaid Expenses.....	11,802,713	11,802,713	0	0
2303. Leasehold Improvements.....	77,439,042	77,439,042	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	13,975,992	11,593,417	2,382,575	2,565,888
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	109,796,720	107,414,145	2,382,575	2,565,888

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	1,279,500,807	1,260,744,966
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	187,478,497	205,697,163
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	298,266,655	300,168,984
4. Commissions payable, contingent commissions and other similar charges	47,391,929	46,179,101
5. Other expenses (excluding taxes, licenses and fees)	86,460,564	87,312,241
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	16,320,234	10,285,388
7.1 Current federal and foreign income taxes (including \$ (4,253,073) on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 1,525,523,269 and including warranty reserves of \$)	666,660,985	728,534,002
10. Advance premium	10,473,801	9,311,741
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	2,164,985	2,421,611
12. Ceded reinsurance premiums payable (net of ceding commissions)	325,514,565	269,680,308
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	430,979	430,979
14. Amounts withheld or retained by company for account of others	6,237,273	5,763,701
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	177,619,584	179,625,740
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	61,023,001	96,300,845
20. Payable for securities		0
21. Liability for amounts held under uninsured plans	1,529,215	0
22. Capital notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	15,334,697	26,180,652
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	3,182,407,771	3,228,637,423
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	3,182,407,771	3,228,637,423
27. Aggregate write-ins for special surplus funds	3,399,995	226,334
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	346,118,108	275,002,873
33. Unassigned funds (surplus)	415,307,334	558,381,487
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	769,825,437	838,610,694
36. Totals (Page 2, Line 26, Col. 3)	3,952,233,208	4,067,248,117
DETAILS OF WRITE-INS		
2301. Accounts Payable	2,725,893	15,945,034
2302. Other Liabilities		310,897
2303. Escheatable Funds	10,008,327	9,238,877
2398. Summary of remaining write-ins for Line 23 from overflow page	2,600,477	685,844
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	15,334,697	26,180,652
2701. Retroactive Reinsurance	3,399,995	226,334
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	3,399,995	226,334
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	1,824,806,360	1,845,356,857
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,013,043,859	980,323,525
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	209,796,621	179,504,919
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	553,357,953	565,673,466
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	1,776,198,433	1,725,501,910
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	48,607,927	119,854,947
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	153,366,526	155,344,801
10. Net realized capital gains (losses) less capital gains tax of \$(3,182,728) (Exhibit of Capital Gains (Losses)).....	(8,852,916)	33,948,342
11. Net investment gain (loss) (Lines 9 + 10)	144,513,610	189,293,143
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$11,438 amount charged off \$10,952,084)	(10,940,646)	(5,896,445)
13. Finance and service charges not included in premiums	8,544,590	11,134,886
14. Aggregate write-ins for miscellaneous income	5,361,009	650,083
15. Total other income (Lines 12 through 14)	2,964,953	5,888,524
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	196,086,490	315,036,614
17. Dividends to policyholders	2,193,020	1,565,709
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)	193,893,470	313,470,905
19. Federal and foreign income taxes incurred	30,076,708	65,084,793
20. Net income (Line 18 minus Line 19) (to Line 22)	163,816,762	248,386,112
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	838,610,694	1,155,401,423
22. Net income (from Line 20)	163,816,762	248,386,112
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$(68,188,064)	(126,609,775)	(27,037,006)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(72,399,087)	30,551,214
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	50,546,456	(98,367,778)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	2,006,156	(19,764,823)
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	10,510,414	0
32. Capital changes:		
32.1. Paid in	0	0
32.2. Transferred from surplus (Stock Dividend)	0	0
32.3. Transferred to surplus	0	0
33. Surplus adjustments:		
33.1. Paid in	71,115,235	14,441,552
33.2. Transferred to capital (Stock Dividend)	0	0
33.3. Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	(158,000,000)	(465,000,000)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	(9,771,416)	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(68,785,255)	(316,790,729)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	769,825,439	838,610,694
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Retroactive Reinsurance Gain	5,361,009	620,452
1402. Miscellaneous Income		29,631
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	5,361,009	650,083
3701. Additional Minimum Liability on Benefit Plan	(9,771,416)	0
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(9,771,416)	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	1,891,129,624	1,847,978,788
2. Net investment income.....	159,286,362	173,182,086
3. Miscellaneous income.....	3,104,625	5,630,340
4. Total (Lines 1 through 3).....	2,053,520,611	2,026,791,214
5. Benefit and loss related payments.....	1,041,992,684	989,818,322
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	754,366,780	753,023,868
8. Dividends paid to policyholders.....	2,449,646	1,260,774
9. Federal and foreign income taxes paid (recovered) net of \$ (5,974,361) tax on capital gains (losses).....	38,271,080	74,846,853
10. Total (Lines 5 through 9).....	1,837,080,190	1,818,949,816
11. Net cash from operations (Line 4 minus Line 10).....	216,440,421	207,841,398
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	247,183,431	964,346,600
12.2 Stocks.....	299,124,942	204,641,187
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	645,166	1,966,207
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	1,679	1,620
12.7 Miscellaneous proceeds.....	587,445	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	547,542,663	1,170,955,614
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	185,381,972	533,375,287
13.2 Stocks.....	151,742,084	160,498,807
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	25,370,737	19,268,567
13.6 Miscellaneous applications.....	4,042,100	34,177,497
13.7 Total investments acquired (Lines 13.1 to 13.6).....	366,536,893	747,320,158
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	181,005,770	423,635,456
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	158,000,000	465,000,000
16.6 Other cash provided (applied).....	(25,565,567)	(199,653,602)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(183,565,567)	(664,653,602)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	213,880,624	(33,176,748)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	53,483,126	86,659,874
19.2 End of year (Line 18 plus Line 19.1).....	267,363,750	53,483,126

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	39,649,263	18,054,761	21,088,601	36,615,422
2.	Allied lines	29,371,757	13,348,853	15,523,228	27,197,382
3.	Farmowners multiple peril	10,082,139	5,112,757	4,905,634	10,289,263
4.	Homeowners multiple peril	229,336,521	136,657,273	101,963,954	264,029,840
5.	Commercial multiple peril	194,164,275	102,114,680	94,656,650	201,622,306
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	(11)	0	0	(11)
9.	Inland marine	23,000,450	12,661,972	11,383,027	24,279,394
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	421,512	237,821	215,716	443,617
11.2	Medical malpractice - claims-made	29,791	28,970	13,084	45,676
12.	Earthquake	3,979,048	8,211,191	5,579,689	6,610,550
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	3,134	2,373,756	2,238,141	138,748
16.	Workers' compensation	42,760,846	23,540,088	19,525,030	46,775,905
17.1	Other liability - occurrence	74,687,021	36,232,671	35,192,528	75,727,164
17.2	Other liability - claims-made	12,658,594	5,850,370	5,406,295	13,102,669
18.1	Products liability - occurrence	1,841,075	933,231	900,617	1,873,690
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	488,769,876	129,224,864	119,813,990	498,180,749
19.3,19.4	Commercial auto liability	113,320,647	62,725,316	54,064,699	121,981,263
21.	Auto physical damage	349,549,866	100,106,854	92,146,647	357,510,074
22.	Aircraft (all perils)	1	0	0	1
23.	Fidelity	265,002	162,917	128,456	299,464
24.	Surety	148,542,430	71,130,590	81,678,446	137,994,574
26.	Burglary and theft	70,793	42,412	34,927	78,278
27.	Boiler and machinery	6,820	0	0	6,820
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Property	3,522	0	0	3,522
32.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
33.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	1,762,514,372	728,751,347	666,459,359	1,824,806,360
DETAILS OF WRITE-INS					
3401.	.....	0	0	0	0
3402.	.....	0	0	0	0
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	21,090,252	(1,650)		0	21,088,601
2.	Allied lines	15,555,026	(31,797)		0	15,523,228
3.	Farmowners multiple peril	4,905,634	0		0	4,905,634
4.	Homeowners multiple peril	101,971,251	(7,297)		0	101,963,954
5.	Commercial multiple peril	94,656,650	0		0	94,656,650
6.	Mortgage guaranty	0	0		0	0
8.	Ocean marine	0	0		0	0
9.	Inland marine	11,382,805	222		0	11,383,027
10.	Financial guaranty	0	0		0	0
11.1	Medical malpractice - occurrence	215,716	0		0	215,716
11.2	Medical malpractice - claims-made	13,084	0		0	13,084
12.	Earthquake	5,581,847	(2,158)		0	5,579,689
13.	Group accident and health	0	0		0	0
14.	Credit accident and health (group and individual)	0	0		0	0
15.	Other accident and health	2,238,141	0		0	2,238,141
16.	Workers' compensation	19,663,701	23		(138,694)	19,525,030
17.1	Other liability - occurrence	35,116,114	76,414		0	35,192,528
17.2	Other liability - claims-made	5,443,450	(2,494)		(34,661)	5,406,295
18.1	Products liability - occurrence	900,617	0		0	900,617
18.2	Products liability - claims-made	0	0		0	0
19.1,19.2	Private passenger auto liability	119,841,745	516		(28,271)	119,813,990
19.3,19.4	Commercial auto liability	54,064,699	0		0	54,064,699
21.	Auto physical damage	92,146,181	466		0	92,146,647
22.	Aircraft (all perils)	0	0		0	0
23.	Fidelity	116,056	12,400		0	128,456
24.	Surety	45,857,943	35,820,503		0	81,678,446
26.	Burglary and theft	34,927	0		0	34,927
27.	Boiler and machinery	0	0		0	0
28.	Credit	0	0		0	0
29.	International	0	0		0	0
30.	Warranty	0	0		0	0
31.	Reinsurance - Nonproportional Assumed Property					0
32.	Reinsurance - Nonproportional Assumed Liability					0
33.	Reinsurance - Nonproportional Assumed Financial Lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	630,795,838	35,865,147	0	(201,626)	666,459,359
36.	Accrued retrospective premiums based on experience					201,626
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					666,660,985
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	92,852,966	29,162,099	75,332	80,500,019	1,941,115	39,649,263
2. Allied lines	62,597,728	146,151,631	24,937	59,639,092	119,763,447	29,371,757
3. Farmowners multiple peril	0	30,764,921	0	20,469,795	212,987	10,082,139
4. Homeowners multiple peril	520,500,810	320,980,630	0	465,622,634	146,522,285	229,336,521
5. Commercial multiple peril	34,919,937	578,493,142	0	394,212,314	25,036,490	194,164,275
6. Mortgage guaranty	0	0	0	0	0	0
8. Ocean marine	0	(14)	0	(23)	20	(11)
9. Inland marine	34,066,386	37,176,150	0	46,697,882	1,544,204	23,000,450
10. Financial guaranty	0	0	0	0	0	0
11.1 Medical malpractice - occurrence	62,706	1,214,603	0	855,797	0	421,512
11.2 Medical malpractice - claims-made	0	90,276	0	60,485	0	29,791
12. Earthquake	7,296,207	41,145,784	0	8,078,674	36,384,269	3,979,048
13. Group accident and health	0	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0
15. Other accident and health	0	928,301	0	6,362	918,805	3,134
16. Workers' compensation	400,181	132,686,473	1,010,547	86,817,475	4,518,880	42,760,846
17.1 Other liability - occurrence	61,621,824	167,785,846	0	151,637,283	3,083,366	74,687,021
17.2 Other liability - claims-made	90	38,871,810	0	25,700,781	512,525	12,658,594
18.1 Products liability - occurrence	999	5,598,980	0	3,737,941	20,963	1,841,075
18.2 Products liability - claims-made	0	0	0	0	0	0
19.1,19.2 Private passenger auto liability	398,310,704	1,084,874,784	6,342,326	992,350,962	8,406,976	488,769,876
19.3,19.4 Commercial auto liability	1,549,190	341,372,246	1,195,398	230,075,255	720,932	113,320,647
21. Auto physical damage	299,693,833	760,899,280	51,730	709,692,152	1,402,825	349,549,866
22. Aircraft (all perils)	0	0	3	2	0	1
23. Fidelity	818	802,219	0	538,035	0	265,002
24. Surety	413,503,917	57,687,524	288,864	301,580,623	21,357,252	148,542,430
26. Burglary and theft	85,195	129,329	0	143,731	0	70,793
27. Boiler and machinery	2,220	1,174,092	0	13,847	1,155,645	6,820
28. Credit	0	0	0	0	0	0
29. International	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0
31. Reinsurance - Nonproportional Assumed Property	XXX	10,672	0	7,150	0	3,522
32. Reinsurance - Nonproportional Assumed Liability	XXX	0	0	0	0	0
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	1,927,465,711	3,778,000,778	8,989,137	3,578,438,268	373,502,986	1,762,514,372
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	43,579,475	16,135,994	40,949,985	18,765,484	10,361,846	7,077,817	22,049,513	60.2
2. Allied lines	37,935,707	54,188,728	73,025,662	19,098,773	7,421,723	8,243,057	18,277,439	67.2
3. Farmowners multiple peril	(394)	17,442,873	11,690,616	5,751,863	2,320,849	2,774,301	5,298,411	51.5
4. Homeowners multiple peril	303,027,756	210,316,764	344,186,168	169,158,352	73,447,942	59,899,859	182,706,435	69.2
5. Commercial multiple peril	19,297,347	331,488,784	237,128,462	113,657,669	173,562,064	169,273,359	117,946,374	58.5
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	.0
8. Ocean marine	.0	18,970	15,176	3,794	42,549	49,333	(2,990)	27,186.2
9. Inland marine	15,074,487	12,804,189	18,688,590	9,190,086	2,207,566	1,874,082	9,523,570	39.2
10. Financial guaranty	.0	.0	.0	.0	88	351	(263)	.0
11.1 Medical malpractice - occurrence	13,249	155,000	112,727	55,522	548,294	519,119	84,697	19.1
11.2 Medical malpractice - claims-made	.0	214,066	143,424	70,642	248,304	346,815	(27,869)	(61.0)
12. Earthquake	.0	7,781	5,213	2,568	42,025	50,757	(6,164)	(0.1)
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	.0
15. Other accident and health	.0	1,437,514	1,218,535	218,979	2,723,203	3,096,904	(154,722)	(111.5)
16. Workers' compensation	8,242,906	89,267,239	66,222,618	31,287,527	207,805,480	227,018,978	12,074,029	25.8
17.1 Other liability - occurrence	29,536,658	99,042,585	98,719,843	29,859,400	130,713,317	128,517,255	32,055,462	42.3
17.2 Other liability - claims-made	.0	31,890,076	21,995,563	9,894,513	15,439,297	17,910,504	7,423,306	56.7
18.1 Products liability - occurrence	50,000	3,772,240	2,772,506	1,049,734	4,453,453	4,117,310	1,385,877	74.0
18.2 Products liability - claims-made	.0	.0	.0	.0	517	44	473	.0
19.1,19.2 Private passenger auto liability	259,208,141	643,820,803	608,606,091	294,422,853	410,096,646	417,627,760	286,891,739	57.6
19.3,19.4 Commercial auto liability	838,839	165,297,977	111,332,389	54,804,427	131,830,664	108,498,414	78,136,677	64.1
21. Auto physical damage	180,434,505	444,986,241	419,041,656	206,379,090	13,523,256	11,322,039	208,580,307	58.3
22. Aircraft (all perils)	.0	17,553	(142,824)	160,377	265,207	230,339	195,245	19,524,529.0
23. Fidelity	.0	132,541	88,802	43,739	52,780	46,304	50,215	16.8
24. Surety	26,704,086	2,111,109	21,547,328	7,267,867	26,880,548	20,444,879	13,703,536	9.9
26. Burglary and theft	.0	8,566	5,739	2,827	10,397	8,132	5,092	6.5
27. Boiler and machinery	.0	185,927	185,927	.0	16,139	15,067	1,072	15.7
28. Credit	.0	.0	.0	.0	.0	.0	.0	.0
29. International	.0	.0	.0	.0	.0	.0	.0	.0
30. Warranty	.0	.0	.0	.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Property	XXX	21,127,486	14,155,416	6,972,070	.0	.0	6,972,070	197,957.7
32. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	65,486,645	71,782,186	(6,295,541)	.0
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	.0	.0	.0	.0
34. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS	923,942,762	2,145,871,006	2,091,695,612	978,118,156	1,279,500,799	1,260,744,965	996,873,990	54.6
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	17,344,460	8,502,175	17,345,171	8,501,464	3,305,848	2,331,554	3,777,020	10,361,846	752,691
2. Allied lines	4,934,661	12,547,401	11,972,977	5,509,085	3,202,304	7,266,512	8,556,178	7,421,723	1,066,800
3. Farmowners multiple peril	0	6,065,156	4,063,655	2,001,501	7,846	959,875	648,373	2,320,849	989,133
4. Homeowners multiple peril	103,531,801	64,772,488	113,070,857	55,233,432	31,015,182	24,218,429	37,019,101	73,447,942	11,444,629
5. Commercial multiple peril	15,407,666	317,687,708	225,420,206	107,675,168	8,508,976	200,418,489	143,040,569	173,562,064	83,972,273
6. Mortgage guaranty	0	0	0	0	0	0	0	0	0
8. Ocean marine	0	30,560	24,185	6,375	0	109,619	73,445	42,549	18
9. Inland marine	1,775,065	2,126,166	2,613,825	1,287,406	1,611,920	1,176,442	1,868,202	2,207,566	539,851
10. Financial guaranty	0	0	0	0	211	56	179	88	151
11.1 Medical malpractice - occurrence	967,432	100,000	715,179	352,253	2,864	593,217	400,040	548,294	192,021
11.2 Medical malpractice - claims-made	0	410,000	274,700	135,300	0	342,438	229,434	248,304	100,927
12. Earthquake	0	35,000	23,450	11,550	(1,574)	93,924	61,875	42,025	35,357
13. Group accident and health	0	0	0	0	0	0	0	(a) 0	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0	0
15. Other accident and health	0	8,682,760	5,817,449	2,865,311	0	0	142,108	(a) 2,723,203	0
16. Workers' compensation	67,160,533	436,273,191	349,130,972	154,302,752	21,657,788	230,873,399	199,028,459	207,805,480	30,215,912
17.1 Other liability - occurrence	48,226,011	118,006,107	116,631,998	49,600,120	43,411,192	150,716,309	113,014,304	130,713,317	49,345,679
17.2 Other liability - claims-made	100,000	19,850,945	13,673,661	6,277,284	8,949	27,733,991	18,580,927	15,439,297	7,009,340
18.1 Products liability - occurrence	168,060	13,979,398	10,445,055	3,702,403	371,088	1,945,241	1,565,279	4,453,453	2,279,661
18.2 Products liability - claims-made	0	0	0	0	93	1,474	1,050	517	114
19.1,19.2 Private passenger auto liability	274,702,233	812,928,656	760,024,058	327,606,831	89,286,009	160,683,135	167,479,329	410,096,646	67,045,049
19.3,19.4 Commercial auto liability	2,256,076	285,812,840	193,402,901	94,666,015	840,974	111,780,096	75,456,421	131,830,664	19,460,724
21. Auto physical damage	134,538	5,287,671	3,634,333	1,787,876	8,385,474	27,176,275	23,826,369	13,523,256	4,689,469
22. Aircraft (all perils)	0	2,168,365	1,907,646	260,719	0	13,600	9,112	265,207	2
23. Fidelity	0	128,207	85,899	42,308	137	31,598	21,263	52,780	8,464
24. Surety	(24,897,057)	(2,880,349)	(17,761,949)	(10,015,457)	89,490,310	22,315,765	74,910,070	26,880,548	18,517,626
26. Burglary and theft	0	581	389	192	21,943	8,982	20,720	10,397	5,541
27. Boiler and machinery	0	40,711	40,711	0	103	48,801	32,765	16,139	9,933
28. Credit	0	0	0	0	0	0	0	0	0
29. International	0	0	0	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0	0	0	0
31. Reinsurance - Nonproportional Assumed Property	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - Nonproportional Assumed Liability	XXX	121,468,470	81,383,875	40,084,595	XXX	81,026,458	55,624,408	65,486,645	585,291
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	511,811,479	2,234,024,207	1,893,941,203	851,894,483	301,127,637	1,051,865,679	925,387,000	1,279,500,799	298,266,656
3401. DETAILS OF WRITE-INS									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	56,477,268			56,477,268
1.2 Reinsurance assumed	148,115,731			148,115,731
1.3 Reinsurance ceded	141,052,998			141,052,998
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	63,540,001	0	0	63,540,001
2. Commission and brokerage:				
2.1 Direct, excluding contingent	0	308,934,624		308,934,624
2.2 Reinsurance assumed, excluding contingent	0	526,177,945		526,177,945
2.3 Reinsurance ceded, excluding contingent	0	581,314,403		581,314,403
2.4 Contingent-direct	0	27,989,688		27,989,688
2.5 Contingent-reinsurance assumed	0	47,353,972		47,353,972
2.6 Contingent-reinsurance ceded	0	50,480,252		50,480,252
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	278,661,574	0	278,661,574
3. Allowances to manager and agents	2,926,893	3,628,876	27	6,555,796
4. Advertising	111,416	5,101,144		5,212,560
5. Boards, bureaus and associations	710	3,935,755		3,936,465
6. Surveys and underwriting reports	6,083,366	12,686,356	191	18,769,913
7. Audit of assureds' records	0	0		0
8. Salary and related items:				
8.1 Salaries	75,950,194	90,804,122	1,504,788	168,259,104
8.2 Payroll taxes	5,530,857	6,316,105	14,653	11,861,615
9. Employee relations and welfare	10,882,992	18,204,751	31,113	29,118,856
10. Insurance	3,976,731	2,058,667		6,035,398
11. Directors' fees	0	534,879		534,879
12. Travel and travel items	5,601,778	6,282,197	5,181	11,889,156
13. Rent and rent items	9,642,501	12,824,382	8,337	22,475,220
14. Equipment	1,476,885	2,099,770	1,019	3,577,674
15. Cost or depreciation of EDP equipment and software	9,272,056	17,569,775	25,168	26,866,999
16. Printing and stationery	510,249	1,208,185	54,085	1,772,519
17. Postage, telephone and telegraph, exchange and express	3,500,781	8,221,822	2,075	11,724,678
18. Legal and auditing	10,789,211	22,021,870	78,221	32,889,302
19. Totals (Lines 3 to 18)	146,256,620	213,498,656	1,724,858	361,480,134
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$814,001		33,239,272		33,239,272
20.2 Insurance department licenses and fees		4,236,009		4,236,009
20.3 Gross guaranty association assessments		1,823,740		1,823,740
20.4 All other (excluding federal and foreign income and real estate)		21,240,889		21,240,889
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	60,539,910	0	60,539,910
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans		(21,749)		(21,749)
24. Aggregate write-ins for miscellaneous expenses	0	679,562	0	679,562
25. Total expenses incurred	209,796,621	553,357,953	1,724,858 (a)	764,879,432
26. Less unpaid expenses - current year	298,266,656	150,125,338	47,389	448,439,383
27. Add unpaid expenses - prior year	300,168,984	143,680,820	95,911	443,945,715
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	211,698,949	546,913,435	1,773,380	760,385,764
DETAILS OF WRITE-INS				
2401. Charitable Contributions		679,562		679,562
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	679,562	0	679,562

(a) Includes management fees of \$ 275,490 to affiliates and \$ 27,118 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,300,961	1,300,738
1.1 Bonds exempt from U.S. tax	(a) 78,098,349	78,931,699
1.2 Other bonds (unaffiliated)	(a) 55,745,542	53,929,703
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 8,012,643	9,732,275
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	9,438,327	9,061,884
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 3,010,348	2,750,739
7. Derivative instruments	(f)	
8. Other invested assets	(15,855)	(15,855)
9. Aggregate write-ins for investment income	291,230	291,230
10. Total gross investment income	155,881,545	155,982,413
11. Investment expenses		(g) 1,724,858
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 891,029
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		2,615,887
17. Net investment income (Line 10 minus Line 16)		153,366,526
DETAILS OF WRITE-INS		
0901. Securities Lending Income	241,177	241,177
0902. Miscellaneous Interest Income	50,053	50,053
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	291,230	291,230
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		0

(a) Includes \$ 6,431,715 accrual of discount less \$ 12,341,128 amortization of premium and less \$ 1,336,750 paid for accrued interest on purchases.
 (b) Includes \$ 60 accrual of discount less \$ 58,165 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ 916,397 accrual of discount less \$ amortization of premium and less \$ 9,588 paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5. Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(22,277)	0	(22,277)	0	0
1.1 Bonds exempt from U.S. tax	4,841,960	(5,492,781)	(650,821)	(1,433,310)	0
1.2 Other bonds (unaffiliated)	(15,132,307)	(12,631,854)	(27,764,161)	(13,633,137)	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	(16,300,681)	(5,015,000)	(21,315,681)	(26,754,244)	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	52,497,408	(10,780,084)	41,717,324	(138,982,154)	0
2.21 Common stocks of affiliates	0	0	0	1,245,201	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	1,679	(4,042,102)	(4,040,423)	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	40,395	0	40,395	(15,240,196)	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	25,926,177	(37,961,821)	(12,035,644)	(194,797,840)	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule-E Part 1), cash equivalents (Schedule-E Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	1,068,000	1,068,000	0
8. Receivables for securities	0	453,741	453,741
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,068,000	1,521,741	453,741
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	9,784,149	12,641,286	2,857,137
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	536,251	553,188	16,937
13.3 Accrued retrospective premiums.....	85,623	74,702	(10,921)
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	94,873,991	114,005,345	19,131,354
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	44,213,755	27,246,641	(16,967,114)
19. Furniture and equipment, including health care delivery assets.....	10,959,421	39,129,755	28,170,334
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets	107,414,145	124,309,133	16,894,988
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	268,935,335	319,481,791	50,546,456
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	268,935,335	319,481,791	50,546,456
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Insurance.....	6,578,973	8,431,101	1,852,128
2302. Prepaid Expenses.....	11,802,713	11,835,921	33,208
2303. Travel Advances.....	0	2,475	2,475
2398. Summary of remaining write-ins for Line 23 from overflow page	89,032,459	104,039,636	15,007,177
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	107,414,145	124,309,133	16,894,988

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

B. Use of Estimates

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

C. Accounting Policies

Insurance premiums are included in income as they are earned over the term of the respective insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct and assumed business and are based on reports received from ceding companies for reinsurance.

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

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

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office.
2. Bonds that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) are stated at cost or amortized cost; all other bonds are stated at the lower of amortized cost or fair value. The fair values of investments in bonds are based on quoted market prices by third-party organizations when available or NAIC investment values. NAIC investment values are determined using the *Valuations of Securities* manual published by the NAIC Securities Valuation Office (SVO). For bonds not actively traded, fair values are estimated using values obtained from independent pricing services, or in the case of private placements, are estimated by discounting the expected future cash flows using current market rates applicable to the coupon rate, credit, and maturity of the investments. Amortization of bond premium and discount is calculated using the effective-yield method. The retrospective-adjustment method is used to value all mortgage-backed and asset-backed securities. Using this method, anticipated prepayments are considered when determining the amortization of discount or premium for loan-backed bonds. Prepayment assumptions are obtained from dealer survey values or internal estimates and are consistent with the current interest rate and economic environment.
3. Unaffiliated common stocks are stated at fair value and the related net unrealized capital gains (losses) are reported in unassigned surplus along with an adjustment for federal income taxes. Fair values of investments in common stocks are based on quoted market prices by third-party organizations when available or NAIC investment values. For stocks that are not actively traded, estimated fair values are based on values of issues with comparable yield and quality.

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

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

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

5. Mortgage Loans

The Company does not have any investments in mortgage loans.

NOTES TO FINANCIAL STATEMENTS

6. Loan-backed securities are valued and reported in accordance with SSAP 43 and the NAIC SVO *Purposes and Procedures Manual*, and according to the designation assigned by the NAIC SVO. Loan-backed securities designated highest quality and high quality (NAIC designations 1 and 2, respectively) are reported at amortized cost; loan-backed securities that are designated medium quality, low quality, lowest quality or in or near default (NAIC designations 3 to 6 respectively) are reported at the lower of amortized cost or fair value.
7. The Company records its affiliates, Safeco Surplus Lines Insurance Company, Safeco Insurance Company of Oregon and Safeco National Insurance Company on the equity basis as described in Part 8, Section 3(b) of the Securities Valuation Handbook, and in accordance with SSAP No. 97.
8. Investments in joint ventures and partnerships and limited liability companies are stated at their underlying audited GAAP equity value in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO manual.
9. Derivatives

The Company does not have any investments in derivatives.

10. Premium Deficiency Reserve

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

11. Method of establishing loss and LAE reserves

Unpaid loss and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions, estimates and judgments. While we believe the amount is reasonable, the ultimate liability is uncertain and may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. In September 2008, the Company and its affiliated property and casualty companies changed the reserve methodology and began discounting workers' compensation reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers' compensation claims. See Note 31 for detail.

Asbestos:

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

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

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

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

In estimating our loss reserves for asbestos claims, we:

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

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

Environmental and Other Toxic Tort Claims:

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

12. Capitalization Policy

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

13. Pharmaceutical Rebate Receivables

The Company has no pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

In September 2008, the Company changed its reserve methodology and began discounting its workers' compensation reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers' compensation claims. See Note 31 regarding Discounting of Liabilities for Unpaid Losses. The cumulative effect of this change in reserve method was recorded in 2008 as an increase in unassigned funds (surplus) of \$10,510,000. The impact of this change was an increase in 2008 unassigned funds (surplus) of \$10,510,000, a reduction in the reserve for unpaid losses of \$16,170,000 and a decrease in the federal income tax recoverable of \$5,660,000.

In 2007, the Company corrected the reporting for business placed directly with third party reinsurers by both the Company and their affiliates based on the reinsurance treaties in place. In 2006 and prior, this business was incorrectly reported as reinsurance ceded by the Company to outside reinsurers rather than reinsurance assumed from its affiliate, American States Insurance Company. This error resulted in an overstatement of ceded losses and understatement of assumed losses reported in the 2006 Annual Statement, however there was no net impact on surplus. In 2007, the Company correctly reported the assumed losses of approximately \$115.1 million related to these reinsurance treaties. However, due to the Intercompany Pooling Agreement described in Note 25, this correction had no impact on the surplus of either the Company or the affiliate. There was no impact on the net unpaid losses reported in the Company's 2007 Statement of Assets, Liabilities and Surplus and no impact on the net incurred losses reported in the 2007 Statement of Income. These reinsurance transactions are correctly reported in Schedule F in the 2008 and 2007 Annual Statement.

3. Business Combinations and Goodwill

A. Statutory purchase method

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

B. Statutory mergers

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

C. Impairment loss

Not Applicable

4. Discontinued Operations

The Company had no discontinued operations to report.

5. Investments

A. Mortgage loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

The Company has no reverse mortgages

D. Loan-backed securities

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

NOTES TO FINANCIAL STATEMENTS

2. Prepayment assumptions are obtained from dealer survey values or internal estimates and are consistent with the current interest rate and economic environment.
3. The Company had no negative yield situations requiring a change from the retrospective to the prospective method.

E. Repurchase Agreements

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

F. Real estate impairments and retail land sales

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

G. Low Income Housing Tax Credits

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

6. Joint Ventures, Partnerships and Limited Liability Companies

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

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

B. Write downs for impairments

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

7. Investment Income

A. Accrued Investment Income

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

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

B. Amounts excluded

As of December 31, 2008, the Company excluded \$180,667 of investment income due and accrued related to securities in default.

As of December 31, 2008, the Company did not have any nonadmitted amounts related to investment income due and accrued over 90 days past due.

8. Derivative Instruments

The Company does not own any derivative instruments.

9. Federal Income Tax Allocation

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

	December 31, 2008	December 31, 2007	Change
Total of gross deferred tax assets	214,232,961	265,798,867	(51,565,906)
Total of deferred tax liabilities	(17,520,150)	(59,903,643)	42,383,493
Net deferred tax asset (liability)	196,712,811	205,895,224	(9,182,413)
Net deferred tax asset non-admitted	(94,873,991)	(114,005,344)	19,131,353
Net admitted deferred tax asset (liability)	101,838,820	91,889,880	9,948,940

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

NOTES TO FINANCIAL STATEMENTS

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

	2008	2007
Federal tax on operations	30,076,709	65,084,793
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	30,076,709	65,084,793
Tax on capital gains	(3,182,728)	9,796,119
Total income tax incurred	26,893,981	74,880,912

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

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

	2008
Change in net deferred income tax (without unrealized gain or loss)	(77,370,477)
Tax effect of unrealized (gains) losses	68,188,064
Total change in net deferred income tax	(9,182,413)

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, proration, Section 280G payments, excludible dividend income, revisions to prior year estimates, and changes in deferred taxes related to non-admitted assets.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$27,359,860 from the current year and \$81,332,272 from the preceding year.

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

The Company has no foreign tax credit.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

10. Information Concerning Parent, Subsidiaries, and Affiliates

A. The Nature of the Relationship Involved

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

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

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

1. The Company distributed dividends to Safeco Corporation totaling \$158,000,000 in 2008. The transactions were as follows:
 - On February 5, 2008, the Company declared dividends in the amount of \$35,000,000 which were paid on March 14, 2008.
 - On May 19, 2008, the Company declared dividends in the amount of \$50,000,000 which were paid on June 16, 2008.
 - On July 28, 2008, the Company declared dividends in the amount of \$73,000,000 which were paid on September 15, 2008.
2. The Company borrowed the following material loans from Safeco Corporation in 2008.
 - On March 31, 2008, the Company owed overnight invested funds in the amount of \$71,165,000.
 - On April 14, 2008, the Company borrowed \$30,755,000. The loan settled on April 22, 2008.
 - On April 30, 2008, the Company owed overnight invested funds in the amount of \$86,850,000.
 - On May 31, 2008, the Company owed overnight invested funds in the amount of \$72,610,000.
 - On June 30, 2008, the Company owed overnight invested funds in the amount of \$117,685,000.
 - On July 31, 2008, the Company owed overnight invested funds in the amount of \$102,410,000.
 - On August 31, 2008, the Company owed overnight invested funds in the amount of \$76,930,000.
 - On September 15, 2008, the Company borrowed \$112,565,000. The loan settled on October 3, 2008.
 - On September 25, 2008, the Company borrowed \$60,065,000. The loan settled on October 3, 2008.
 - On September 30, 2008, the Company owed overnight invested funds in the amount of \$100,465,000.
 - On October 1, 2008, the Company borrowed \$49,510,000. The loan settled on October 3, 2008.
 - On October 31, 2008, the Company owed overnight invested funds in the amount of \$25,605,000.
 - On November 14, 2008, the Company borrowed \$22,810,000. The loan settled on November 18, 2008.
 - On November 20, 2008, the Company borrowed \$20,405,000. The loan settled on November 21, 2008.
 - On November 26, 2008, the Company borrowed \$29,570,000. The loan settled on December 2, 2008.
 - On December 31, 2008, the Company owed overnight invested funds in the amount of \$43,020,000.
3. The Company issued the following material loan to Safeco Corporation in 2008.
 - On January 29, 2008, the Company loaned \$24,120,000. The loan settled February 19, 2008.
4. On December 31, 2008, Safeco Corporation contributed all of the Corporation's shares of Safeco National Insurance Company to Safeco Insurance Company of America. The Company recorded a capital contribution in the amount of \$57,167,271 to recognize Safeco Corporation's contribution of Safeco National Insurance Company.
5. The Company borrowed the following material loans from General Insurance Company of America in 2008.
 - On January 31, 2008, the Company owed overnight invested funds in the amount of \$33,960,000.
 - On July 31, 2008, the Company owed overnight invested funds in the amount of \$38,585,000.
 - On August 31, 2008, the Company owed overnight invested funds in the amount of \$38,910,000.
6. The Company borrowed the following material loans from American States Insurance Company in 2008.
 - On July 31, 2008, the Company owed overnight invested funds in the amount of \$40,190,000.
 - On August 31, 2008, the Company owed overnight invested funds in the amount of \$34,625,000.
 - On September 30, 2008, the Company owed overnight invested funds in the amount of \$41,095,000.
 - On October 23, 2008, the Company borrowed \$41,695,000. The loan settled on November 18, 2008.
 - On November 21, 2008, the Company borrowed \$20,405,000. The loan settled on November 25, 2008.
 - On November 30, 2008, the Company owed overnight invested funds in the amount of \$25,480,000.

NOTES TO FINANCIAL STATEMENTS

7. The Company borrowed the following material loans from American Economy Insurance in 2008.

- On July 31, 2008, the Company owed overnight invested funds in the amount of \$24,630,000.
- On August 31, 2008, the Company owed overnight invested funds in the amount of \$23,820,000.

C. Change in Terms of Intercompany Arrangements

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

D. Amounts Due to or from Related Parties

	Due (To) From <u>12/31/2008</u>	Due (To) From <u>12/31/2007</u>
Intercompany Reinsurance offset	\$6,455,732	(\$592,642)
Intercompany Expense Sharing	\$23,376,999	\$1,109,568
Overnight Invested Funds	(\$84,400,000)	(\$96,785,000)

E. Guarantees or Contingencies for Related Parties

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

F. Management or Service Contracts and Cost Sharing Arrangements

1. Prior to September 22, 2008, the Company participated in an intercompany tax sharing agreement described in Note 9 of the 2007 Annual Statement. Subsidiaries of Liberty Mutual Holding Company Inc. (LMHC) are parties to a consolidated tax allocation agreement pursuant to which they join in the filing of LMHC's consolidated U.S. federal income tax return. Effective September 22, 2008, Amendment No. 4 to the Federal Tax Sharing Agreement added Safeco Group to the Federal Tax Sharing Agreement.
2. Liberty Mutual Investment Advisors LLC (LMIA) and Liberty Mutual Insurance Company (LMIC) are members of Liberty Mutual Group and each provide investment management services to affiliates. Effective September 22, 2008, Safeco Insurance Company of America entered into Investment Management Agreements with LMIA and LMIC, respectively. The Investment Management Agreements specify the services to be performed by LMIA and LMIC, the authority granted to LMIA and LMIC, the investment policy and guidelines, and the compensation to be paid. The Investment Management Agreements also contain customary provisions on termination, amendment, choice of law, and assignment. Investment fees payable to LMIC totaled \$ 275,490 as of December 31, 2008.
3. LMIA provides short-term investment and cost management services. The purpose of the Cash Management Agreement is to achieve an efficient and cost-effective way for Safeco Insurance Company of America to obtain short-term investment and cost management services. The Cash Management Agreement, effective September 22, 2008, specifies the services to be performed by LMIA, the authority granted to LMIA and contains customary provisions on termination, amendment, choice of law, and assignment.

G. Nature of Relationships that Could Affect Operations

The Company participates in an intercompany pooling agreement with its affiliates, as described in Note 25, whereby it retains 33% of the net premiums, losses and associated assets and liabilities of the Safeco Insurance Companies. The operating results or financial position of the Company could be significantly different from those results reported in these statements if it operated without the intercompany pooling agreement. The intercompany pooling agreement was terminated effective January 1, 2009. Effective January 1, 2009, the existing Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement was amended to add the Company as a party to the agreement. The Company's participation percentage in the PIC agreement is 15.2%.

H. Amount Deducted for Investment in Upstream Company

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

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

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

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

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

K. Investment in a foreign insurance subsidiary

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

NOTES TO FINANCIAL STATEMENTS

L. Investments in Downstream Holding Company

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

11. Debt

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

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

A. Defined Benefit Plans

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

B. Defined Contribution Plans

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

C. Multiemployer Plans

Not Applicable

D. Consolidated/Holding Company Plans

The Parent sponsors a cash balance defined benefit pension plan covering a wide range of Company employees. Benefit accruals in the plan consist of pay credits, based on each eligible participant's compensation, plus a stipulated rate of return on their benefit balance. Pay credits were provided for the years 1989 through 2007 and ceased effective January 1, 2008. The Parent terminated the cash balance plan effective December 31, 2008 and will distribute plan assets to eligible participants as soon as administratively practicable. The distribution of assets is expected to occur within 2 to 3 years after the November 2008 filing of a request for approval of the plan termination with applicable regulators. The Parent's funding policy is to contribute amounts at least sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act (ERISA) that can be deducted for federal income tax purposes. Pension costs are subject to the intercompany pooling agreement described in Note 25 and are charged to the Company based on a percentage of payroll. These costs amounted to \$604,000 and \$11,141,000 in 2008 and 2007, respectively. In 2008, an additional minimum liability of \$9,771,416 was recognized in accordance with SSAP 89 and is reported as a component of unassigned funds (surplus). The 2007 costs included a one-time recognition of liabilities for the vesting and plan freeze changes adopted in 2007. In 2007, the prepaid cash balance plan, which was reported as a non-admitted asset, was decreased by \$33,759,000, which included a one-time curtailment loss of \$25,000,000. The Company has no legal obligation for benefits under this plan.

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

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

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

NOTES TO FINANCIAL STATEMENTS

E. Postemployment Benefits and Compensated Absences

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

F. Impact of Medicare Modernization Act on Post Retirement Benefits

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

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

1. Outstanding shares

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

2. Dividend rate of preferred stock

Not Applicable

3. Dividend Restrictions

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

4. Dividend Payments

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

Date Declared	Date Paid	Amount Paid	Ordinary	Extraordinary
02/05/2008	03/14/2008	\$ 35,000,000		X
05/19/2008	06/16/2008	\$ 50,000,000		X
07/28/2008	09/15/2008	\$ 73,000,000	X	

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

The Company may pay up to \$163,816,761 in the aggregate in 2009 without prior regulatory approval.

6. Restrictions on unassigned funds

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

7. Mutual surplus advances

The Company has no advances to surplus.

8. Company stock held for special purposes

The Company does not hold stock for special purposes.

9. Changes in special surplus funds

Special surplus funds was decreased by \$3,399,995 of retroactive reinsurance adjustments.

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

Unassigned funds (surplus) was decreased by \$174,891,035 of cumulative unrealized capital losses.

11. Surplus notes

The Company does not have surplus notes.

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

The Company did not have any quasi-reorganizations.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. Contingent commitments

1. The Company has purchased annuities from life insurers under structured settlements in which the claimants are payees (see Note 26A). In cases where the Company is contingently liable if the issuers of these annuities fail to perform under the terms of the annuities, the Company does not reduce its unpaid losses.
2. The Company has a stand by purchase agreement to purchase the right to receive commissions on all future renewals of auto policies placed by Comparison Market Insurance Agency. In exchange for this right, the Company is the guarantor of a loan made to Comparison Market Insurance Agency by a third party lender. The amount of the guarantee is based on policies in force at the time of loan default. As of December 31, 2008, the guarantee amount would have been \$10,173,956.
3. The Company has no guarantees or undertakings for the benefit of any affiliate which result in material contingent exposure of the Company's assets, as indicated in Note 10E.
4. The Company has commitments to invest a certain amount of capital in various partnerships and limited liability companies. The Company's total remaining commitments to these partnerships and limited liability companies was \$51,386,470 as of December 31, 2008.

B. Guaranty fund and other assessments

1. The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies as they become known to the Company and if they are material. Other assessments are accrued at the time of assessment, or, in the case of loss based assessments, at the time the losses are incurred. As of December 31, 2008, the Company has accrued a liability for guaranty fund and other assessments of \$3,772,026 and a related premium tax benefit asset of \$2,570,848. The amounts represent management's best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.
2. In 2008, Safeco Insurance Company of America and its affiliated property and casualty insurance companies became a participating insurer of the California Earthquake Authority ("CEA"), a publicly-managed, privately-funded organization that provides residential earthquake insurance in California. California requires insurers selling homeowners insurance in their state to offer earthquake insurance either through their company or by participation in the CEA. The Company's exposure to potential losses from California earthquakes is limited through participation in the CEA.

As a new participating insurer of the CEA, the CEA assessed the Company and its affiliates an initial capital contribution of \$46,500,000 based on the Company's and its affiliates' combined share of the market for CEA residential earthquake insurance. The initial assessment will be paid by the Company and its affiliates in twelve equal monthly installments beginning in December 2008. The assessment is subject to the intercompany pooling agreement described in Note 25 and was expensed by the Company and its affiliated property and casualty insurance companies in 2008 based on the applicable participation percentages. The Company's share of the initial CEA assessment expense was \$15,345,000. The first installment payment was made in December 2008 and the remaining installments will be paid in 2009.

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

C. Gain contingencies

Not Applicable

NOTES TO FINANCIAL STATEMENTS

D. Extra Contractual Obligation and Bad Faith Losses

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

	Direct
Claims related ECO and bad faith losses paid during 2008	\$ 2,689,015

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during 2008.

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

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

Per Claim [X] Per Claimant []

E. All Other Contingencies

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

Net realized capital losses include bond impairments of \$22,165,577, preferred stock impairments of \$5,015,000 and common stock impairments of \$10,780,084 for investments that have experienced an other-than-temporary decline in value.

15. Leases

A. Lessee leasing arrangements

1. Description of leases

The Company has various real estate lease and sub-lease agreements that expire through November 30, 2018. Rental expense for these agreements in 2008 and 2007 were \$34,366,026 and \$42,484,500, respectively. In 2007, the Company moved to newly leased office space from facilities previously owned by its affiliate. Rental expense increased in 2007 due to rent charged on both the old and new office space in certain months.

For those leases containing renewal options, the terms are on an average 1-3 year basis. Rental income for sublease agreements in 2008 was approximately \$843,355. Current contingent rental income is shown below in item 2.b.

2. Noncancelable leases

a. Future minimum rental commitments for leases

Year	Amount
2009	\$ 33,771,235
2010	\$ 28,123,868
2011	\$ 26,985,424
2012	\$ 24,485,456
2013	\$ 20,853,793
Thereafter	\$ 71,289,606
Total	\$ 205,509,382

b. Future minimum rental income to be received for sub leases

Year	Amount
2009	\$ 1,291,246
2010	\$ 1,874,159
2011	\$ 1,803,448
2012	\$ 1,598,492
2013	\$ 1,646,688
Thereafter	\$ 1,265,139
Total	\$9,479,172

NOTES TO FINANCIAL STATEMENTS

3. Sale leaseback transactions

In December 2008, the Company entered into a five year sales leaseback arrangement with Bank of America Leasing & Capital, LLC and U.S. Bancorp Equipment Finance, Inc. totaling \$25,300,000 in which the company's fixed assets were sold and leased back. The deferred gain on this transaction was approximately \$5,508,000 and will be amortized over the life of the lease. Below are the minimum lease commitments under the sale leaseback arrangement, which are not included in item 15.2 above.

Year	Amount
2009	\$ 5,672,546
2010	\$ 5,672,546
2011	\$ 5,672,546
2012	\$ 5,672,546
2013	\$ 5,672,546
Thereafter	\$ 0
Total	\$ 28,362,730

B. Lessor leasing arrangements

Not Applicable

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

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

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

A. Transfers of receivables reported as sales

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

B. Transfers and servicing of financial assets

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

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

On December 22, 2008, the existing securities lending agreement between Liberty Mutual Insurance Company, Inc. and JPMorgan Chase Bank, N.A. was amended to add the Company as a new lender under the agreement. The Company participates in this new Securities Lending Program to generate additional income, whereby certain fixed income securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Under the terms of the new agreement, borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash, Agency or U.S. Government securities. The fair value of the loaned securities is monitored and additional collateral is obtained if the fair value of the collateral falls below 102% of the fair value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as a liability on the balance sheet, as the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company. As of December 31, 2008, there were no securities loaned to others and no cash collateral held by the Company under the terms of the new agreement with JP Morgan Chase Bank, N.A.

C. Wash sales

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

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

A. Administrative services only (ASO) plans

Not Applicable

NOTES TO FINANCIAL STATEMENTS

B. Administrative services contract (ASC) plans

In 2008, Safeco Insurance Company of America and its affiliated property and casualty insurance companies agreed to become a participating insurer of the California Earthquake Authority ("CEA"), a publicly-managed, privately-funded organization that provides residential earthquake insurance in California. As a participating insurer of the CEA, Safeco and its affiliates act as a third party administrator and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the Company for commissions and claims paid on behalf of the CEA. The Company also receives an administrative fee equal to 3% of premium and 9% of claims paid. In 2008, the Company recorded CEA administrative fees of \$21,749.

C. Medicare or similarly structured cost based reimbursement contracts

Not Applicable

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

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

20. Other Items

A. Extraordinary items

The Company has no extraordinary items to report.

B. Troubled debt restructuring for debtors

Not Applicable

C. Other disclosures

Assets in the amount of \$113,985,000 at December 31, 2008 were on deposit with government authorities or trustees as required by law. There were no assets held at December 31, 2008 that were maintained as compensating balances or pledged as collateral for bank loans and other financing agreements.

In 2007, the Company and General Insurance Company of America made non-revocable, non-refundable contributions to the Safeco Insurance Foundation of highly appreciated marketable equity securities. The securities contributed by the Company in 2007 had a fair value of \$26,500,000 and a book value of \$980,000. Expenses for these contributions were subject to the intercompany pooling agreement described in Note 25. Contribution expense allocated to the Company amounted to \$19,800,000 in 2007. The Company made no contribution to the Safeco Insurance Foundation in 2008.

As a result of the acquisition by LIH US P&C Corporation, the Company incurred \$2,845,000 in stock-based compensation expense in 2008 due to the acceleration of the vesting provisions contained in stock-based compensation plans.

The acquisition by LIH US P&C Corporation, in combination with certain actions taken after the acquisition, resulted in triggering the change in control agreements for certain senior members of management. As a result, the Company expensed \$12,884,000 for payments related to the change in control agreements.

In addition to the above expenses, the Company expensed \$17,580,000 in 2008 related to relocation, retention, severance, lease terminations, contract buyouts and other expenses as a result of the acquisition.

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

NOTES TO FINANCIAL STATEMENTS

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

	PART A HO/FARM	PART B P AUTO	PART C C AUTO	PART D WC	PART E CMP	PART F1 MM-Occ	PART F2 MM-cm
PRIOR	225	4,209	1,564	55,654	30,159	0	0
Dec-94	14	40	22	6,257	1,862	0	0
Dec-95	72	29	31	6,926	1,512	0	0
Dec-96	210	86	50	5,056	2,178	0	0
Dec-97	35	172	67	8,386	2,290	10	0
<u>Dec-98</u>	<u>248</u>	<u>412</u>	<u>379</u>	<u>14,276</u>	<u>2,811</u>	<u>11</u>	<u>0</u>
TOTAL	803	4,946	2,113	96,555	40,812	22	0

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

	PART A HO/FARM	PART B P AUTO	PART C C AUTO	PART D WC	PART E CMP	PART F1 MM-Occ	PART F2 MM-cm
PRIOR	0	0	0	(1,454)	(3)	0	0
Dec-94	0	0	0	(60)	0	0	0
Dec-95	0	0	0	(441)	0	0	0
Dec-96	0	0	0	(245)	0	0	0
Dec-97	0	0	0	(195)	0	(0)	0
<u>Dec-98</u>	<u>8</u>	<u>8</u>	<u>0</u>	<u>(216)</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
TOTAL	8	8	0	(2,611)	(3)	(0)	0

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

	PART A HO/FARM	PART B P AUTO	PART C C AUTO	PART D WC	PART E CMP	PART F1 MM-Occ	PART F2 MM-cm
PRIOR	225	4,209	1,564	54,200	30,156	0	0
Dec-94	14	40	22	6,198	1,863	0	0
Dec-95	72	29	31	6,485	1,512	0	0
Dec-96	210	86	50	4,811	2,178	0	0
Dec-97	35	172	67	8,192	2,290	10	0
<u>Dec-98</u>	<u>256</u>	<u>420</u>	<u>379</u>	<u>14,059</u>	<u>2,811</u>	<u>11</u>	<u>0</u>
TOTAL	811	4,954	2,113	93,944	40,810	22	0

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

	PARTG SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	261	39,963	0	1	120	349	2,486
Dec-94	0	83	42	12	10	1	0
Dec-95	0	268	14	0	25	3	0
Dec-96	0	1,310	(17)	17	32	108	0
Dec-97	0	1,038	117	0	39	5	0
<u>Dec-98</u>	<u>48</u>	<u>576</u>	<u>38</u>	<u>358</u>	<u>48</u>	<u>91</u>	<u>0</u>
TOTAL	308	43,238	194	387	274	557	2,486

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

	PARTG SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	0	(22)	0	0	(1)	(751)	0
Dec-94	0	(0)	0	0	0	(1)	0
Dec-95	0	(0)	0	0	0	(1)	0
Dec-96	0	(1)	0	0	0	(0)	0
Dec-97	0	(1)	0	0	0	(15)	0
<u>Dec-98</u>	<u>0</u>	<u>(1)</u>	<u>(0)</u>	<u>2</u>	<u>17</u>	<u>(68)</u>	<u>0</u>
TOTAL	0	(24)	(0)	2	17	(837)	0

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

	PARTG SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	261	39,942	0	1	119	(402)	2,486
Dec-94	0	83	42	12	10	0	0
Dec-95	0	268	14	0	25	2	0
Dec-96	0	1,309	(17)	17	32	108	0
Dec-97	0	1,037	117	0	39	(10)	0
<u>Dec-98</u>	<u>48</u>	<u>576</u>	<u>38</u>	<u>360</u>	<u>65</u>	<u>23</u>	<u>0</u>
TOTAL	308	43,214	193	389	290	(280)	2,486

NOTES TO FINANCIAL STATEMENTS

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

	PART N REINS A	PART O REINS B	PART P REINS C	PART R1 PROD-Occ	PART R2 PROD-cm	PART S SUR-FG	TOTAL ALL LINES
PRIOR	0	67,155	0	3,962	0	0	206,107
Dec-94	0	311	0	0	0	0	8,654
Dec-95	0	0	0	8	0	0	8,887
Dec-96	0	0	0	4	0	0	9,032
Dec-97	0	0	0	4	0	0	12,162
Dec-98	0	0	0	338	1	1	19,635
TOTAL	0	67,466	0	4,316	1	1	264,478

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

	PART N REINS A	PART O REINS B	PART P REINS C	PART R1 PROD-Occ	PART R2 PROD-cm	PART S SUR-FG	TOTAL ALL LINES
PRIOR	0	0	0	0	0	0	(2,231)
Dec-94	0	0	0	0	0	0	(61)
Dec-95	0	0	0	0	0	0	(442)
Dec-96	0	0	0	0	0	0	(245)
Dec-97	0	0	0	0	0	0	(210)
Dec-98	0	0	0	(0)	0	(0)	(250)
TOTAL	0	0	0	(0)	0	(0)	(3,440)

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

	PART N REINS A	PART O REINS B	PART P REINS C	PART R1 PROD-Occ	PART R2 PROD-cm	PART S SUR-FG	TOTAL ALL LINES
PRIOR	0	67,155	0	3,962	0	0	203,876
Dec-94	0	311	0	0	0	0	8,593
Dec-95	0	0	0	8	0	0	8,445
Dec-96	0	0	0	4	0	0	8,787
Dec-97	0	0	0	4	0	0	11,952
Dec-98	0	0	0	338	1	0	19,385
TOTAL	0	67,466	0	4,316	1	0	261,038

D. Uncollectible premiums receivable

At December 31, 2008 and 2007, the Company had admitted assets of \$557,216,809 and \$625,553,621, respectively in premiums receivable due from policyholders and agents. The Company routinely assesses the collectibility of these receivables. Based on Company experience, the Company estimated the uncollectible premiums receivable and recorded an additional provision in the amount of \$4,355,681. At December 31, 2008, the additional provision for uncollectible premiums receivable represents the amount of expected uncollectible premiums in excess of the non-admitted premiums of \$10,406,023.

E. Business Interruption Insurance Recoveries

Not Applicable

F. State Transferable Tax Credits

The Company does not hold state transferable tax credits.

G. Hybrid Securities

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

CUSIP	Issuer	Description	Book/Adjusted Carry Value
060505DR2	Bank of America	Depository Shares	4,380,000
060505DT8	Bank of America	Depository Shares	9,275,200
172967ER8	Citigroup Inc.	Depository Shares	10,363,500
173094AA1	Citigroup Inc.	Trust Preferred	12,495,000
46625HHA1	JP Morgan Chase & Co	Depository Shares	13,280,000
48124G104	JP Morgan	Capital Security	5,750,000
929903EF5	Wachovia Corporation	Perpetual Preferred	6,819,200
94986EAA8	Wells Fargo	Capital Security	2,430,000

NOTES TO FINANCIAL STATEMENTS

H. Subprime Mortgage Related Risk

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

The Company has no mortgage loans.

3. Direct exposure through other investments.

The Company has subprime exposure through other investments.

	1 Actual Cost	2 Book/Adjusted Carrying Value (excluding interest)	3 Fair Value	4 Other Than Temporary Impairment Losses Recognized
a. Residential mortgage backed securities				
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities	\$4,122,407	\$4,122,407	\$3,781,059	0
e. Equity investment in SCAs				
f. Other assets				
g. Total				

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

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

21. Events Subsequent

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

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

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

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

22. Reinsurance

A. Unsecured Reinsurance Recoverables

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

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

NOTES TO FINANCIAL STATEMENTS

Assets and liabilities related to insurance underwriting are similarly shared.

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

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

B. Reinsurance Recoverables in Dispute

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

C. Reinsurance Assumed and Ceded

1)		Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
		(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a.	Affiliates	1,369,324,640	189,789,932	1,353,010,383	196,097,136	16,314,257	(6,307,204)
b.	All Other	1,892,541	535,188	172,512,887	46,168,170	(170,620,346)	(45,632,982)
c.	TOTAL	1,371,217,181	190,325,121	1,525,523,269	242,265,307	(154,306,089)	(51,940,186)

d. Direct Unearned Premium Reserve:

820,869,520

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

		(1) Direct	(2) Assumed	(3) Ceded	(4) Net
a.	Contingent Commission	42,230,430	-	-	42,230,430
b.	Sliding Scale Adjustments	-	-	-	-
c.	Other Profit Commission Arrangements	-	-	-	-
d.	TOTAL	42,230,430	-	-	42,230,430

3) The Company does not have protected cells.

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

	Assumed	Ceded
A. Reserves Transferred:		
1. Initial Reserves (Assumed) or Ceded	-	16,668,084
2. Adjustments – Prior Year(s)	-	(12,850,061)
3. Adjustments – Current Year	-	(255,767)
4. Current Total	-	3,562,256
B. Consideration Received or (Paid):		
1. Initial Consideration	-	(7,319,315)
2. Adjustments – Prior Year(s)	-	-
3. Adjustments – Current Year	-	-
4. Current Total	-	(7,319,315)
C. Paid Losses (Reimbursed) or Recovered		
1. Prior Year(s)	-	7,319,315
2. Current Year	-	(395,276)
3. Current Total	-	(395,276)
D. Surplus from Retroactive Reinsurance:		
1. Initial Surplus (Loss) or Gain	-	(9,348,769)
2. Adjustments – Prior Year(s)	-	5,530,746
3. Adjustments – Current Year	-	651,043
4. Current Year Surplus	-	(3,166,980)
5. Cumulative Total Transferred to Unassigned Funds	-	255,767

Ceded Company		Amount
American Security Insurance Company	58-1529575	22,752
Syn #0138 R. F. Bailey (UW Agencies) Ltd	AA-1126138	69,964
Syn #0183 Ashley Palmer Syns Ltd	AA-1126183	139,889
Syn #0227 Gravett & Tilling Ltd	AA-1126227	139,889
Syn #1003 Catlin UW Agencies Ltd	AA-1127003	61,548
Syn #1007 Spreckley Villers Brunhope	AA-1127007	139,889
Syn #1047 Barder & Marsh Ltd	AA-1127047	139,889
Syn #1096 Stewart Syns Ltd	AA-1127096	111,927
Syn #1173 Cottrell & Maguire Ltd	AA-1127173	419,707
Syn #1204 Crowe Syn Mngt. Ltd	AA-1127204	209,853
Syn #1212 Spreckley Villers Brunhope Ltd	AA-1127212	419,746
Syn #1218 D. J. Newman & Others Ltd	AA-1127218	139,889
Syn #1223 QBE U/W Agency Ltd	AA-1127223	139,889
Syn #1241 Spreckley Villers Brunhope Ltd	AA-1127241	279,817
Syn #1415 SVB Group Ltd	AA-1127415	69,964
Syn #1900 Newmarket UW Ltd	AA-1127900	349,742
Syn #2003 Catlin UW Agencies Ltd	AA-1128003	218,230
Syn #2020 Wellington UW Agencies Ltd	AA-1128020	279,817
Syn #2027 Cox Newton & Harman Ltd	AA-1128027	209,853
Total		\$ 3,562,256

NOTES TO FINANCIAL STATEMENTS

F. Additional Information Regarding Ceded Retroactive Reinsurance Balances

1. Balance with Authorized Reinsurers:

Company		Recoverables on Loss and LAE Payments	Recoverables More than 90 Days Overdue	Related Collateral
American Security Insurance Company	58-1529575	-	-	-
Syn #0138 R. F. Bailey (UW Agencies) Ltd	AA-1126138	24,766	12,292	-
Syn #0183 Ashley Palmer Syns Ltd	AA-1126183	49,517	24,577	-
Syn #0227 Gravett & Tilling Ltd	AA-1126227	49,517	24,577	-
Syn #1003 Catlin UW Agencies Ltd	AA-1127003	21,787	10,814	-
Syn #1007 Spreckley Villers Brunhope	AA-1127007	49,517	24,577	-
Syn #1047 Barder & Marsh Ltd	AA-1127047	49,517	24,577	-
Syn #1096 Stewart Syns Ltd	AA-1127096	39,620	19,665	-
Syn #1173 Cottrell & Maguire Ltd	AA-1127173	148,566	73,739	-
Syn #1204 Crowe Syn Mngt. Ltd	AA-1127204	74,283	36,870	-
Syn #1212 Spreckley Villers Brunhope Ltd	AA-1127212	148,580	73,746	-
Syn #1218 D. J. Newman & Others Ltd	AA-1127218	49,517	24,577	-
Syn #1223 QBE U/W Agency Ltd	AA-1127223	49,517	24,577	-
Syn #1241 Spreckley Villers Brunhope Ltd	AA-1127241	99,049	49,162	-
Syn #1415 SVB Group Ltd	AA-1127415	24,766	12,292	-
Syn #1900 Newmarket UW Ltd	AA-1127900	123,800	61,447	-
Syn #2003 Catlin UW Agencies Ltd	AA-1128003	77,248	38,341	-
Syn #2020 Wellington UW Agencies Ltd	AA-1128020	99,049	49,162	-
Syn #2027 Cox Newton & Harman Ltd	AA-1128027	74,283	36,870	-

G. Reinsurance Accounted for as a Deposit

At December 31, 2008, the deposit balance for reinsurance contracts accounted for under the deposit method was \$3,287.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method used to estimate

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

B. Method used to record

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

C. Amount and percent of net retrospective premiums

Net premiums written for 2008 on retrospective workers compensation policies was \$587,651 or 1.4% of total workers compensation net premiums written.

D. Calculation of nonadmitted accrued retrospective premiums

a.	Total accrued retro premium	\$ 856,229
b.	Unsecured amount	856,229
c.	Less: Nonadmitted amount (10%)	85,623
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount: a - c - d	<u>\$ 770,606</u>

NOTES TO FINANCIAL STATEMENTS

24. Change in Incurred Losses and Loss Adjustment Expenses

In 2008, we reduced our estimates for prior years' loss and LAE reserves by \$47.1 million. This total decrease includes loss and defense and cost containment expenses changes as follows:

- \$18.8 million reduction in surety reserves reflecting lower-than-expected number of claims.
- \$7.2 million reduction in other liability - occurrence driven primarily by favorable development of \$5.6 million due to lower-than-expected claim number in construction defect.
- \$19.2 million reduction in private passenger auto liability reserves, reflecting decreases in severity estimates primarily in accident years 2005 through 2007.
- \$9.7 million reduction in commercial multiple peril reserves. This includes a reduction in construction defect reserves of \$3.6 million reflecting lower-than-expected number of claims. The remaining decrease was due to lower-than-expected claim severity in property and liability.
- \$4.7 million reduction in other liability – claims-made due to a decrease due to lower-than-expected claim severity.
- \$7.2 million increase in commercial auto/truck liability reserves reflecting increases in severity estimates for prior accident years.

The remaining \$5.3 million increase was in a number of lines including adjusting and other payments. This increase is due to emerging claim trends and related loss data.

25. Intercompany Pooling Arrangements

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

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

The intercompany reinsurance pooling agreement described above was terminated effective January 1, 2009.

Effective January 1, 2009, the existing Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement was amended to add the Company as a party to the agreement. The Company's percentage in the PIC pool is 15.20%.

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

NOTES TO FINANCIAL STATEMENTS

		<u>NAIC</u>	<u>Pooling</u>	<u>Lines of</u>
		<u>Co. #</u>	<u>%</u>	<u>Business</u>
Lead Company	Peerless Insurance Company	24198	25.20%	All Lines
Affiliated Pool Companies:	America First Insurance Company	12696	0.00%	All Lines
	America First Lloyd's Insurance Company	11526	0.00%	All Lines
	American Ambassador Casualty Company	10073	0.00%	All Lines
	Colorado Casualty Insurance Company	41785	0.00%	All Lines
	Consolidated Insurance Company	22640	0.00%	All Lines
	Excelsior Insurance Company	11045	0.00%	All Lines
	Globe American Casualty Company	11312	0.00%	All Lines
	Golden Eagle Insurance Corporation	10836	3.00%	All Lines
				(Except WC)
	Hawkeye-Security Insurance Company	36919	0.00%	All Lines
	Indiana Insurance Company	22659	4.80%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company	14486	0.00%	All Lines
	Mid-American Fire & Casualty Company	23507	0.00%	All Lines
	The Midwestern Indemnity Company	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company	14613	0.00%	All Lines
	The Netherlands Insurance Company	24171	1.80%	All Lines
	Peerless Indemnity Insurance Company	18333	3.00%	All Lines
	National Insurance Association	27944	0.00%	All Lines
	The Ohio Casualty Insurance Company	24074	20.40%	All Lines
	Avomark Insurance Company	10798	0.00%	All Lines
	West American Insurance Company	44393	0.00%	All Lines
	American Fire and Casualty Company	24066	0.60%	All Lines
	Ohio Security Insurance Company	24082	0.00%	All Lines
	Ohio Casualty of New Jersey, Inc.	10937	0.00%	All Lines
	Insurance Company of Illinois (ICI)	26700	0.00%	All Lines
	Safeco Insurance Company of Illinois (SICIL)	39012	2.00%	All Lines
	American Economy Insurance Company (AEIC)	19690	5.60%	All Lines
	American States Insurance Company (ASIC)	19704	7.60%	All Lines
	American States Preferred Insurance Company (ASPIC)	37214	0.80%	All Lines
	Safeco Insurance Company of Indiana (SICIN)	11215	0.00%	All Lines
	Safeco National Insurance Company (SNIC)	24759	0.00%	All Lines
	Safeco Insurance Company of Oregon (SICO)	11071	0.00%	All Lines
	American States Lloyds Insurance Company (ASLIC)	31933	0.00%	All Lines
	Safeco Lloyds Insurance Company (SLIC)	11070	0.00%	All Lines
	First National Insurance Company of America (FNICA)	24724	0.80%	All Lines
	General Insurance Company of America (GICA)	24732	9.20%	All Lines
	Safeco Insurance Company of America (SICA)	24740	15.20%	All Lines
	Safeco Surplus Lines Insurance Company (SSLIC)	11100	0.00%	All Lines
	American States Insurance Company of Texas (ASICT)	19712	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation (LNW)	41939	0.00%	All Lines
	Bridgefield Casualty Insurance Company (BEIC)	10335	0.00%	All Lines
	Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	North Pacific Insurance Company (NPIC)	23892	0.00%	All Lines
	Oregon Automobile Insurance Company (OAIC)	23922	0.00%	All Lines

- B. All lines and types of business are subject to the agreement. Assets and liabilities related to insurance underwriting are similarly shared.
- C. After cessions to unaffiliated reinsurers are applied, Safeco Insurance Company of America cedes a fixed portion of premiums, losses and insurance expenses to the affiliated property and casualty insurance companies according to the participation percentages detailed in item A above.
- D. The Company and American States Insurance Company are the only affiliates that participate in reinsurance agreements whereby risk is ceded to unaffiliated reinsurers.
- E. There are no discrepancies between entries regarding pooled business assumed and ceded reinsurance schedules of the lead company and corresponding entries on the assumed and ceded reinsurance schedules of the other participants.
- F. The Company and American States Insurance Company carry 100% of the Provision for Reinsurance. Any write-offs of uncollectible ceded reinsurance from unaffiliated reinsurers are applied and ceded to the participants in accordance with the provisions of the intercompany reinsurance agreement.

NOTES TO FINANCIAL STATEMENTS

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

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

26. Structured Settlements

A. Reserves Released due to Purchase of Annuities

The Company has purchased annuities from life insurers under which the claimants are payees. The Company has a contingent liability of \$10,148,357 should the issuers of these annuities fail to perform under the terms of the annuities. The contingent liability is equivalent to the reserves set by the life insurer from whom the annuity was purchased. The Company has released all reserves on closed claims where structured settlement was purchased.

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

Not applicable.

27. Health Care Receivables

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

The Company does not have pharmacy rebates.

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

The Company does not have risk sharing receivables.

28. Participating Accident and Health Policies

The Company does not have participating accident and health policies.

29. Premium Deficiency Reserves

Not Applicable

30. High Deductibles

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

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

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

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

At December 31, 2008, the liabilities for workers' compensation unpaid losses include \$223,975,349 of liabilities carried at a discounted value of \$207,805,481 representing a discount of \$16,169,868.

NOTES TO FINANCIAL STATEMENTS

A. Tabular Discounts

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	(1) Case	(2) IBNR
1. Homeowners/Farmowners		
2. Private Passenger Auto Liability/Medical		
3. Commercial Auto/Truck Liability/Medical		
4. Workers' Compensation		\$16,169,868
5. Commercial Multiple Peril		
6. Medical Malpractice - occurrence		
7. Medical Malpractice - claims-made		
8. Special Liability		
9. Other Liability – occurrence		
10. Other Liability - claims-made		
11. Special Property		
12. Auto Physical Damage		
13. Fidelity, Surety		
14. Other (including Credit, Accident & Health)		
15. International		
16. Reinsurance Nonproportional Assumed Property		
17. Reinsurance Nonproportional Assumed Liability		
18. Reinsurance Nonproportional Assumed Financial Lines		
19. Products Liability – occurrence		
20. Products Liability - claims-made		
21. Financial Guaranty/Mortgage Guaranty		
22. Total		

B. Non-tabular discounts

Not Applicable

C. Changes in discount assumptions

Not Applicable

32. Asbestos and Environmental Reserves

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

ASBESTOS

A. (1) Direct	(1)	(2)	(3)	(4)	(5)
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
a. Beginning reserves	\$12,422,063	\$20,909,386	\$28,360,162	\$33,148,820	\$33,500,829
b. Incurred Loss and ALAE	11,133,346	9,618,180	9,520,949	4,462,296	7,193,373
c. Calendar payments for Loss and ALAE	2,646,023	2,167,404	2,732,291	4,110,287	4,815,943
d. Ending Reserves:	\$20,909,386	\$28,360,162	\$35,148,820	\$33,500,829	\$35,878,259
(2) Assumed	(1)	(2)	(3)	(4)	(5)
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
a. Beginning reserves	\$34,453,204	\$35,162,983	\$33,068,299	\$32,921,380	\$39,658,740
b. Incurred Loss and ALAE	2,911,091	(202,620)	1,865,715	10,023,699	(1,878,434)
c. Calendar payments for Loss and ALAE	2,201,312	1,892,064	2,012,634	3,286,339	4,224,441
d. Ending Reserves:	\$35,162,983	\$33,068,299	\$32,921,380	\$39,658,740	\$33,555,865
(3) Net of Reinsurance	(1)	(2)	(3)	(4)	(5)
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
a. Beginning reserves	\$41,550,192	\$46,799,825	\$52,449,612	\$56,361,795	\$62,191,264
b. Incurred Loss and ALAE	9,774,933	9,441,951	8,453,246	11,830,928	1,954,525
c. Calendar payments for Loss and ALAE	4,525,300	3,792,164	4,541,063	6,001,459	5,374,082
d. Ending Reserves:	\$46,799,825	\$52,449,612	\$56,361,795	\$62,191,264	\$58,771,707

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

(1) Direct	\$18,007,696
(2) Assumed	\$8,493,111
(3) Net of Reinsurance	\$22,268,971

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

(1) Direct	\$13,851,369
(2) Assumed	\$1,170
(3) Net of Reinsurance	\$11,164,597

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

ENVIRONMENTAL

D. (1) Direct	(1)	(2)	(3)	(4)	(5)
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
a. Beginning reserves	\$ 35,167,528	\$ 37,292,048	\$ 42,488,049	\$ 40,631,656	\$ 33,133,867
b. Incurred Loss and ALAE	6,371,142	9,901,361	2,124,586	93,490	372,054
c. Calendar payments for Loss and ALAE	4,246,622	4,705,360	3,980,979	7,591,279	4,473,118
d. Ending Reserves:	\$ 37,292,048	\$ 42,488,049	\$ 40,631,656	\$ 33,133,867	\$ 29,032,803
(2) Assumed	(1)	(2)	(3)	(4)	(5)
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
a. Beginning reserves	\$ 15,612,053	\$ 16,564,401	\$ 10,977,836	\$ 9,890,193	\$ 9,700,812
b. Incurred Loss and ALAE	1,271,605	(4,783,759)	208,202	85,063	246,977
c. Calendar payments for Loss and ALAE	319,257	802,806	1,295,845	274,444	433,681
d. Ending Reserves:	\$ 16,564,401	\$ 10,977,836	\$ 9,890,193	\$ 9,700,812	\$ 9,514,108
(3) Net of Reinsurance	(1)	(2)	(3)	(4)	(5)
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
a. Beginning reserves	\$ 48,198,835	\$ 51,035,154	\$ 49,135,452	\$ 44,349,173	\$ 38,470,942
b. Incurred Loss and ALAE	6,580,433	2,409,782	224,684	361,901	418,711
c. Calendar payments for Loss and ALAE	3,744,114	4,309,484	5,010,963	6,240,132	3,055,317
d. Ending Reserves:	\$ 51,035,154	\$ 49,135,452	\$ 44,349,173	\$ 38,470,942	\$ 35,834,336

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

(1) Direct	\$ 18,222,015
(2) Assumed	\$ 6,120,610
(3) Net of Reinsurance	\$ 23,705,464

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

(1) Direct	\$ 13,448,386
(2) Assumed	\$ -
(3) Net of Reinsurance	\$ 13,115,262

NOTES TO FINANCIAL STATEMENTS

33. Subscriber Savings Accounts

Not Applicable

34. Multiple Peril Crop Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
- 1.3 State Regulating? Washington.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2005
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2005
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).06/12/2007
- 3.4 By what department or departments? Washington.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [] NA []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, 999 Third Ave Suite 3500, Seattle, WA 98104
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Lewis V. Augustine, Vice President & Chief Actuary, Safeco, Safeco Plaza, Seattle, WA 98185
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [X] No []
- 11.11 Name of real estate holding company Multiple.....
- 11.12 Number of parcels involved.....37
- 11.13 Total book/adjusted carrying value..... \$8,425,867
- 11.2 If yes, provide explanation
Partnerships that generate historic tax credits and low income housing tax credits, and invest in real estate.
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?..... Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [] No [X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

FINANCIAL

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

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)..... Yes [X] No []
- 22.2 If no, give full and complete information relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provide)
- The Company had a securities lending agreement with Bank of New York. There were no loaned securities at 12/31/08. The company was added to an existing securities lending agreement with JP Morgan on 12/22/08. No securities were loaned prior to 12/31/08. Details are provided in note 17.
- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [] No [X]
- 22.5 If answer to 22.4 is YES, report amount of collateral \$
- 22.6 If answer to 22.4 is NO, report amount of collateral..... \$0
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$
 - 23.22 Subject to reverse repurchase agreements..... \$
 - 23.23 Subject to dollar repurchase agreements..... \$
 - 23.24 Subject to reverse dollar repurchase agreements..... \$
 - 23.25 Pledged as collateral..... \$
 - 23.26 Placed under option agreements..... \$
 - 23.27 Letter stock or securities restricted as to sale..... \$
 - 23.28 On deposit with state or other regulatory body..... \$113,984,922
 - 23.29 Other..... \$
- 23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA []
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year \$

GENERAL INTERROGATORIES

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

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

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

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

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

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No []
 26.04 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address
107105.....	BlackRock Financial Management.....	40 East 52nd Street, New York, NY 10022.....
None.....	Liberty Mutual Insurance Company.....	175 Berkeley Street, Boston, MA 02116.....
None.....	Liberty Mutual Investment Advisors, LLC.....	175 Berkeley Street, Boston, MA 02116.....

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

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

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

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

GENERAL INTERROGATORIES

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	2,758,494,206	2,577,012,469	(181,481,737)
28.2 Preferred stocks.....	94,428,198	94,310,898	(117,300)
28.3 Totals	2,852,922,404	2,671,323,367	(181,599,037)

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

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

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

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$10,075,109

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	2
Name	Amount Paid

31.1 Amount of payments for legal expenses, if any?.....\$2,792,389

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	2
Name	Amount Paid
Skadden Arps Slate Meagher & Flom LLP.....	1,694,839

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$342,965

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	2
Name	Amount Paid
American Insurance Association.....	287,566

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0

1.6 Individual policies:

Most current three years:

- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives

All years prior to most current three years:

- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives

1.7 Group policies:

Most current three years:

- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives

All years prior to most current three years:

- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$1,824,806,360	\$	.....1,845,356,857
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$4,961,344	\$	.....5,470,659
2.5	Reserve Denominator	\$1,765,245,959	\$	.....2,495,145,115
2.6	Reserve Ratio (2.4/2.5)	.....0.003		.....0.002

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

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

- 3.21 Participating policies..... \$33,017,927
- 3.22 Non-participating policies..... \$1,818,626,041

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

5. For Reciprocal Exchanges Only:

- 5.1 Does the exchange appoint local agents?..... Yes [] No []
- 5.2 If yes, is the commission paid:

- 5.21 Out of Attorney's-in-fact compensation..... Yes [] No [] NA [X]
- 5.22 As a direct expense of the exchange..... Yes [] No [] NA [X]

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

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

5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:.....
 The Company purchases a Workers Compensation Excess of Loss reinsurance treaty and a Workers Compensation Catastrophe Reinsurance treaty to protect itself from excessive loss in the event of a catastrophe under a Workers Compensation contract.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:.....
 The Company estimates its catastrophic loss PML by having Aon Risk Services run 3 separate models. The Company receives PML estimates for earthquake (incl fire following and sprinkler leakage), hurricane and tornado/hail. Based on these models, the largest PML would involve a CA earthquake event.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
 The Company utilizes catastrophe reinsurance to protect itself from an excessive loss arising from property exposures.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [X] No []
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 8.2 If yes, give full information

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract..... Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?..... Yes [X] No []
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses.....\$1,590,379
 12.12 Unpaid underwriting expenses (including loss adjustment expenses).....\$57,891
 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?.....\$24,209
 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] NA []
 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... %
 12.42 To..... %
 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No []
 12.6 If yes, state the amount thereof at December 31 of the current year:
 12.61 Letters of Credit.....\$
 12.62 Collateral and other funds.....\$365,000
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):\$5,000,000
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.1
 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [] No [X]
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [] No []
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [] No []
 14.5 If answer to 14.4 is no, please explain:
- 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
 15.2 If yes, give full information
- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2008	2 2007	3 2006	4 2005	5 2004
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,242,988,983	2,440,949,274	2,452,299,816	2,524,276,056	2,417,579,798
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,511,408,587	1,683,941,321	1,588,927,702	1,615,972,028	1,586,410,738
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,486,835,741	1,478,338,249	1,441,409,188	1,488,672,687	1,531,338,157
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	473,211,643	427,531,094	363,567,199	313,776,728	266,579,642
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,672	1,575	1,780	23,072	52,535
6. Total (Line 35)	5,714,455,626	6,030,761,514	5,846,205,685	5,942,720,572	5,801,960,870
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	734,489,362	797,640,802	801,612,939	824,877,559	789,294,370
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	445,621,177	463,324,041	477,451,233	522,367,234	512,508,053
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	433,589,745	476,845,500	465,310,209	478,979,592	494,256,003
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	148,810,566	128,717,049	108,177,959	92,382,677	76,952,950
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	3,522	363	462	4,724	15,521
12. Total (Line 35)	1,762,514,372	1,866,527,755	1,852,552,801	1,918,611,786	1,873,026,896
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	48,607,927	119,854,947	214,562,522	175,087,794	150,493,201
14. Net investment gain (loss) (Line 11)	144,513,610	189,293,143	177,961,936	169,256,716	210,700,055
15. Total other income (Line 15)	2,964,953	5,888,524	(103,196)	2,845,827	4,170,693
16. Dividends to policyholders (Line 17)	2,193,020	1,565,709	2,191,199	940,368	706,700
17. Federal and foreign income taxes incurred (Line 19)	30,076,708	65,084,793	101,388,753	90,285,774	132,590,346
18. Net income (Line 20)	163,816,762	248,386,112	288,841,310	255,964,195	232,066,903
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	3,952,233,208	4,067,248,117	4,522,038,349	4,468,951,833	3,785,601,534
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	280,278,446	380,951,206	354,707,622	312,906,713	41,329,071
20.2 Deferred and not yet due (Line 13.2)	276,167,757	243,930,098	271,271,918	315,936,238	325,362,567
20.3 Accrued retrospective premiums (Line 13.3)	770,606	672,317	796,362	791,482	1,224,978
21. Total liabilities excluding protected cell business (Page 3, Line 24)	3,182,407,771	3,228,637,423	3,366,636,926	3,271,077,347	2,742,204,306
22. Losses (Page 3, Line 1)	1,279,500,807	1,260,744,966	1,245,291,499	1,300,451,324	1,290,926,410
23. Loss adjustment expenses (Page 3, Line 3)	298,266,655	300,168,984	317,949,016	319,816,429	299,398,180
24. Unearned premiums (Page 3, Line 9)	666,660,985	728,534,002	706,885,898	711,109,819	710,499,599
25. Capital paid up (Page 3, Lines 28 & 29)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	769,825,437	838,610,694	1,155,401,423	1,197,874,486	1,043,397,228
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	216,440,421	207,841,398	304,872,790	270,870,670	278,425,950
Risk-Based Capital Analysis					
28. Total adjusted capital	769,825,437	838,610,694	1,155,401,423	1,197,874,486	1,043,397,228
29. Authorized control level risk-based capital	168,373,602	169,567,368	167,821,458	170,583,709	164,080,598
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	80.2	81.2	82.7	84.7	87.4
31. Stocks (Lines 2.1 & 2.2)	9.5	16.2	14.7	12.4	13.7
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.3	0.3
34. Cash, cash equivalents and short-term investments (Line 5)	9.1	1.7	2.4	2.5	(1.6)
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7)	1.2	0.8	0.2	0.2	0.1
37. Receivables for securities (Line 8)	0.0	0.0	0.1	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)	0	0	0	0	0
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	95,383,472	36,971,000	35,286,000	33,861,000	32,551,100
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
44. Affiliated mortgage loans on real estate	0	0	0	0	0
45. All other affiliated	1,068,000	0	0	0	0
46. Total of above Lines 40 to 45	96,451,472	36,971,000	35,286,000	33,861,000	32,551,100
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	12.5	4.4	3.1	2.8	3.1

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2008	2 2007	3 2006	4 2005	5 2004
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	(126,609,775)	(27,037,006)	24,050,522	(19,784,599)	(8,208,358)
49. Dividends to stockholders (Line 35)	(158,000,000)	(465,000,000)	(255,000,000)	(110,000,000)	(76,704,134)
50. Change in surplus as regards policyholders for the year (Line 38)	(68,785,255)	(316,790,729)	(42,473,063)	154,477,258	224,921,270
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,331,349,779	1,499,134,455	1,362,872,021	1,344,414,608	1,260,025,962
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	805,155,673	828,633,791	822,593,425	833,100,629	743,054,184
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	881,795,580	679,718,355	645,832,524	635,428,198	677,940,324
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	30,385,250	(5,669,475)	10,817,561	65,100,337	17,017,677
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	21,127,486	13,881,778	8,220,114	11,757,891	11,032,429
56. Total (Line 35)	3,069,813,768	3,015,698,904	2,850,335,645	2,889,801,663	2,709,070,576
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	421,444,618	482,748,854	439,800,529	434,765,659	407,440,952
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	253,438,828	256,969,292	269,010,014	274,459,126	244,796,238
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	288,732,055	221,604,622	211,350,907	207,753,539	218,720,703
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	7,530,585	(1,033,695)	8,594,236	22,614,049	8,045,914
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	6,972,070	4,580,987	(166,365)	3,494,923	3,063,399
62. Total (Line 35)	978,118,156	964,870,060	928,589,320	943,087,296	882,067,206
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	55.5	53.1	47.1	49.7	51.0
65. Loss expenses incurred (Line 3)	11.5	9.7	11.4	12.7	12.2
66. Other underwriting expenses incurred (Line 4)	30.3	30.7	30.0	28.6	28.5
67. Net underwriting gain (loss) (Line 8)	2.7	6.5	11.6	9.1	8.2
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.2	30.0	30.0	28.4	27.6
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	67.0	62.9	58.5	62.3	63.2
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	228.9	222.6	160.3	160.2	179.5
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	(51,398)	(48,484)	(46,030)	(33,721)	(22,536)
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	(6.1)	(4.2)	(3.8)	(3.2)	(2.8)
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(73,754)	(101,682)	(42,175)	(42,872)	50,997
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(6.4)	(8.5)	(4.0)	(5.2)	6.2

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

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	38,644	16,195	9,155	4,090	2,515	0	191	30,027	XXX
2. 1999	1,498,619	54,250	1,444,370	1,005,700	16,977	65,801	346	119,110	0	51,858	1,173,288	XXX
3. 2000	1,555,766	53,795	1,501,970	1,055,065	15,715	64,094	1,795	118,558	0	58,702	1,220,208	XXX
4. 2001	1,525,998	49,987	1,476,010	978,172	19,664	67,585	2,803	126,817	0	51,967	1,150,108	XXX
5. 2002	1,533,074	41,051	1,492,023	820,770	10,931	60,707	2,044	130,849	0	56,938	999,352	XXX
6. 2003	1,665,145	47,567	1,617,578	803,840	8,894	50,899	952	137,004	0	55,435	981,897	XXX
7. 2004	1,868,996	44,410	1,824,586	904,584	7,995	49,504	577	140,361	0	76,325	1,085,877	XXX
8. 2005	1,961,892	43,346	1,918,546	885,330	11,972	42,271	985	141,204	0	68,778	1,055,848	XXX
9. 2006	1,931,967	75,715	1,856,252	812,825	9,348	26,830	3,239	133,296	0	62,007	960,364	XXX
10. 2007	1,968,401	123,044	1,845,357	757,528	18,804	16,562	2,710	126,682	0	61,266	879,259	XXX
11. 2008	1,903,964	79,157	1,824,806	577,391	8,708	6,232	1,077	118,978	0	34,083	692,815	XXX
12. Totals	XXX	XXX	XXX	8,639,849	145,203	459,640	20,619	1,295,374	0	577,550	10,229,042	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 and 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.	196,631	63,589	95,454	22,399	15,150	1,925	24,115	1,474	19,074	0	3,440	261,038	XXX
2.	14,852	1,553	10,045	1,610	1,160	0	2,513	(23)	2,120	0	342	27,550	XXX
3.	18,943	3,134	10,030	2,124	1,044	7	4,825	851	2,365	0	953	31,092	XXX
4.	20,693	2,736	8,468	1,752	1,456	112	4,454	6	2,192	0	1,012	32,658	XXX
5.	17,914	1,001	7,006	700	1,841	26	4,204	14	1,386	0	519	30,610	XXX
6.	15,322	981	6,904	395	1,498	10	5,075	(1)	1,338	0	1,515	28,752	XXX
7.	21,205	3,477	9,053	12	3,259	1	7,248	(5)	1,490	0	11,035	38,770	XXX
8.	52,195	658	12,667	(551)	5,501	8	11,424	(8)	2,048	0	4,766	83,728	XXX
9.	109,158	2,543	22,831	465	8,576	7	20,455	12	2,634	0	7,692	160,627	XXX
10.	186,436	1,873	70,254	1,879	7,716	1	39,456	351	6,046	0	25,352	305,805	XXX
11.	284,591	4,502	209,434	3,755	4,295	13	58,760	348	28,674	0	58,287	577,136	XXX
12. Totals	937,940	86,045	462,146	34,540	51,496	2,110	182,531	3,019	69,369	0	114,912	1,577,767	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	0	0	XXX	206,097	54,940
2.	1,221,300	20,463	1,200,837	81.5	37.7	83.1	0	0		21,734	5,815
3.	1,274,925	23,626	1,251,300	81.9	43.9	83.3	0	0		23,715	7,377
4.	1,209,838	27,072	1,182,766	79.3	54.2	80.1	0	0		24,673	7,985
5.	1,044,679	14,716	1,029,962	68.1	35.8	69.0	0	0		23,219	7,391
6.	1,021,880	11,231	1,010,649	61.4	23.6	62.5	0	0		20,851	7,901
7.	1,136,705	12,058	1,124,647	60.8	27.2	61.6	0	0		26,769	12,001
8.	1,152,640	13,065	1,139,576	58.8	30.1	59.4	0	0		64,755	18,974
9.	1,136,605	15,614	1,120,992	58.8	20.6	60.4	0	0		128,981	31,647
10.	1,210,681	25,617	1,185,064	61.5	20.8	64.2	0	0		252,938	52,867
11.	1,288,354	18,403	1,269,951	67.7	23.2	69.6	0	0		485,768	91,367
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,279,501	298,267

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.

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

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	2	3	4	5	6	7	8	9	10	11	12
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	One Year	Two Year
1. Prior	854,953	861,495	904,964	912,739	948,761	952,957	974,180	995,557	996,726	1,004,068	7,342	8,510
2. 1999	987,885	1,030,690	1,059,477	1,064,959	1,082,706	1,079,594	1,080,454	1,083,119	1,079,729	1,079,608	(121)	(3,511)
3. 2000	XXX	1,076,956	1,116,661	1,128,191	1,142,651	1,139,548	1,139,887	1,136,017	1,132,408	1,130,377	(2,031)	(5,640)
4. 2001	XXX	XXX	1,061,155	1,059,574	1,057,390	1,061,660	1,063,984	1,059,789	1,055,464	1,053,756	(1,708)	(6,033)
5. 2002	XXX	XXX	XXX	942,664	937,720	925,364	904,275	899,915	897,718	897,726	8	(2,189)
6. 2003	XXX	XXX	XXX	XXX	920,409	907,976	883,984	877,584	876,078	872,307	(3,771)	(5,277)
7. 2004	XXX	XXX	XXX	XXX	XXX	1,022,780	1,009,394	995,724	986,941	982,796	(4,146)	(12,929)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,070,668	1,033,091	1,000,081	996,324	(3,757)	(36,768)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	994,980	1,002,148	985,061	(17,087)	(9,919)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,078,464	1,052,335	(26,128)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,122,299	XXX	XXX
12. Totals											(51,398)	(73,754)

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	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	000	245,198	395,179	500,236	569,467	615,870	652,822	687,307	718,421	745,934	XXX	XXX
2. 1999	546,584	773,324	885,806	955,105	997,413	1,019,550	1,035,108	1,044,348	1,050,095	1,054,178	XXX	XXX
3. 2000	XXX	590,317	832,981	947,683	1,018,175	1,056,834	1,081,071	1,089,862	1,097,433	1,101,650	XXX	XXX
4. 2001	XXX	XXX	556,614	783,934	890,254	951,123	988,163	1,006,631	1,016,552	1,023,290	XXX	XXX
5. 2002	XXX	XXX	XXX	473,982	674,278	761,506	816,603	842,647	859,260	868,502	XXX	XXX
6. 2003	XXX	XXX	XXX	XXX	470,763	657,616	748,012	799,982	832,311	844,893	XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX	512,032	749,521	857,769	916,834	945,515	XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	519,127	745,518	851,534	914,644	XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	514,181	742,607	827,068	XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	529,753	752,576	XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	573,838	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$'000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	362,709	283,247	236,529	193,487	194,348	146,473	141,844	133,903	115,873	111,865
2. 1999	164,586	66,706	36,007	22,329	19,969	17,724	15,098	15,259	11,671	10,971
3. 2000	XXX	189,882	71,138	33,434	28,957	21,542	21,431	18,086	15,250	11,880
4. 2001	XXX	XXX	216,503	74,477	37,974	25,723	23,815	19,533	13,395	11,165
5. 2002	XXX	XXX	XXX	228,510	102,855	58,200	27,927	17,483	12,837	10,496
6. 2003	XXX	XXX	XXX	XXX	225,202	93,429	38,192	23,673	15,558	11,585
7. 2004	XXX	XXX	XXX	XXX	XXX	252,815	87,806	46,265	24,028	16,295
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	275,637	109,678	38,997	24,650
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	219,082	78,609	42,809
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	231,297	107,481
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	264,091

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

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9	
		2	3							Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
	Active Status	Direct Premiums Written	Direct Premiums Earned							
1. Alabama	AL	L	21,571,324	22,949,555	0	13,136,769	9,992,968	6,969,154	85,254	
2. Alaska	AK	L	15,807,502	15,680,674	0	5,112,392	6,936,592	6,660,785	62,474	
3. Arizona	AZ	L	58,626,849	59,328,467	0	29,258,839	25,016,121	17,270,423	231,703	
4. Arkansas	AR	L	10,960,615	11,200,187	0	10,965,720	11,155,407	3,591,654	43,318	
5. California	CA	L	542,038,159	531,313,801	0	242,302,461	238,182,404	244,176,568	2,142,228	
6. Colorado	CO	L	93,968,172	91,514,679	0	42,289,792	49,094,625	33,751,109	371,378	
7. Connecticut	CT	L	52,750,841	52,779,452	0	26,576,826	27,416,486	27,448,644	208,480	
8. Delaware	DE	L	1,606,269	1,308,513	0	1,741	(40,474)	348,644	6,348	
9. District of Columbia	DC	L	4,550,300	4,925,254	0	44,061	(197,252)	791,590	17,984	
10. Florida	FL	L	40,096,586	49,632,421	(43,012)	18,044,579	14,622,968	21,748,285	158,469	
11. Georgia	GA	L	31,844,703	30,214,515	0	15,890,713	18,153,894	13,243,140	125,856	
12. Hawaii	HI	L	6,198,923	5,070,225	0	(1,435,121)	404,060	(8,019,853)	24,499	
13. Idaho	ID	L	7,122,471	17,060,126	0	16,562,232	9,349,138	14,955,160	28,149	
14. Illinois	IL	L	14,869,004	15,580,932	0	4,545,479	1,599,722	7,732,683	58,765	
15. Indiana	IN	L	14,386,995	14,914,259	0	8,544,713	6,999,153	3,051,229	56,860	
16. Iowa	IA	L	12,591,490	13,197,317	0	8,797,006	7,148,079	4,720,781	49,764	
17. Kansas	KS	L	68,004,179	68,200,621	0	35,808,868	38,479,288	19,947,981	268,764	
18. Kentucky	KY	L	20,383,442	20,327,233	0	13,802,173	10,692,047	7,763,989	80,559	
19. Louisiana	LA	L	29,061,157	27,239,782	0	42,312,523	53,045,556	16,814,686	114,855	
20. Maine	ME	L	825,442	602,859	0	21,872	43,185	112,790	3,262	
21. Maryland	MD	L	41,471,592	42,553,331	0	24,875,633	25,020,755	15,004,116	163,903	
22. Massachusetts	MA	L	20,248,593	21,259,044	0	3,377,030	1,112,294	1,305,421	80,026	
23. Michigan	MI	L	28,737,284	29,168,461	0	20,480,401	23,225,434	24,430,227	113,575	
24. Minnesota	MN	L	15,985,060	16,707,151	0	12,753,722	11,830,778	9,218,007	63,176	
25. Mississippi	MS	L	34,519,326	30,787,893	0	16,489,392	17,999,568	8,737,507	136,426	
26. Missouri	MO	L	53,740,241	53,358,873	0	21,336,998	23,384,975	16,043,411	212,391	
27. Montana	MT	L	30,244,281	28,410,747	0	15,621,139	16,297,168	14,309,139	119,531	
28. Nebraska	NE	L	5,145,813	5,079,299	0	3,442,850	4,489,811	2,490,530	20,337	
29. Nevada	NV	L	28,397,181	24,747,157	0	3,983,796	5,937,123	6,142,518	112,231	
30. New Hampshire	NH	L	4,941,239	4,812,650	0	3,007,219	2,967,527	3,478,670	19,529	
31. New Jersey	NJ	L	15,472,039	15,182,789	0	4,740,101	3,623,375	3,431,611	61,148	
32. New Mexico	NM	L	44,785,674	42,109,510	0	18,766,464	23,159,258	20,007,302	177,001	
33. New York	NY	L	41,926,442	39,317,255	0	9,598,151	6,430,678	9,455,558	165,701	
34. North Carolina	NC	L	13,873,879	13,388,202	0	3,829,717	4,024,036	4,258,962	54,832	
35. North Dakota	ND	L	5,197,100	4,122,318	0	2,369,855	1,022,169	874,468	20,540	
36. Ohio	OH	L	8,583,526	9,212,294	0	4,268,464	3,300,774	8,132,030	33,924	
37. Oklahoma	OK	L	42,551,170	42,424,646	0	29,199,435	30,836,960	14,565,512	168,170	
38. Oregon	OR	L	7,079,059	7,298,392	0	2,399,508	13,760,937	24,417,419	27,978	
39. Pennsylvania	PA	L	20,950,549	20,004,509	0	13,485,785	19,215,387	9,352,267	82,800	
40. Rhode Island	RI	L	932,758	881,268	0	15,777	(118,628)	294,354	3,686	
41. South Carolina	SC	L	30,626,446	31,103,019	0	8,380,239	9,921,631	5,995,448	121,041	
42. South Dakota	SD	L	11,070,751	11,191,901	0	6,158,885	6,112,719	4,693,046	43,754	
43. Tennessee	TN	L	30,542,982	30,751,498	0	14,905,640	15,507,435	12,531,045	120,711	
44. Texas	TX	L	88,415,115	83,446,847	5,515,005	31,211,688	37,722,138	42,456,604	1,016,834	
45. Utah	UT	L	9,920,503	8,335,072	0	1,751,654	1,559,588	2,857,339	39,208	
46. Vermont	VT	L	1,963,865	2,046,520	0	1,746,388	1,432,429	935,128	7,762	
47. Virginia	VA	L	16,185,343	16,342,117	0	3,411,867	3,575,405	8,519,651	63,967	
48. Washington	WA	L	181,631,944	180,355,802	0	84,361,014	87,700,408	77,873,967	718,528	
49. West Virginia	WV	L	23,705,316	21,732,480	0	13,047,780	13,894,642	9,895,189	93,687	
50. Wisconsin	WI	L	8,337,951	8,153,877	0	4,204,250	4,048,137	3,941,278	32,953	
51. Wyoming	WY	L	11,836,893	11,840,460	0	8,138,283	8,205,300	3,903,580	46,781	
52. American Samoa	AS	N	0	0	0	0	0	0	0	
53. Guam	GU	L	578,538	587,470	0	0	(36,519)	148,570	2,286	
54. Puerto Rico	PR	N	115,824	117,597	0	0	(2,600)	34,693	458	
55. U.S. Virgin Islands	VI	N	47,122	47,843	0	0	(3,042)	12,105	186	
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0	
57. Canada	CN	N	265,966	270,037	0	0	(17,172)	68,325	1,051	
58. Aggregate other alien	OT	XXX	173,923	176,585	0	0	(11,229)	44,680	0	
59. Totals	(a)	52	1,927,465,711	1,910,365,786	5,471,993	923,942,762	955,223,615	812,939,117	8,285,077	0
DETAILS OF WRITE-INS										
5801. Aggregate other alien	XXX		173,923	176,585	0	0	(11,229)	44,680	0	
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX		173,923	176,585	0	0	(11,229)	44,680	0	0

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

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

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

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