



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

NAIC Group Code 0111, 0163 NAIC Company Code 39012 Employer's ID Number 91-1115311
Organized under the Laws of Illinois, State of Domicile or Port of Entry Illinois
Country of Domicile United States
Incorporated/Organized 08/29/1980 Commenced Business 01/01/1981
Statutory Home Office 2800 W. HIGGINS ROAD, HOFFMAN ESTATES, IL 60195
Main Administrative Office 1001 FOURTH AVE, SAFECO PLAZA, SEATTLE, WA 98154
Mail Address 1001 FOURTH AVE, SAFECO PLAZA, SEATTLE, WA 98154
Primary Location of Books and Records 1001 FOURTH AVE, SAFECO PLAZA, SEATTLE, WA 98154
Internet Website Address WWW.SAFECO.COM
Statutory Statement Contact BOBBI ANE HODGSON-JEFFERS, 206-545-5000

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Gary Richard Gregg #, Michael Joseph Fallon #, Dexter Robert Legg #, and Secretary.

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Anthony Alexander Fontanes #, Scott Rhodes Goodby #, Joseph Anthony Gilles #, and Executive Vice President.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Includes Robert James Brautigam #, Mark Ardon Butler #, Gary Richard Gregg #, and Mary Ann Thaman #.

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 ILLINOIS

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).....	319,905,645		319,905,645	335,801,964
2. Stocks (Schedule D):				
2.1 Preferred stocks	11,627,132		11,627,132	10,117,204
2.2 Common stocks	32,768,072		32,768,072	123,424,038
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 (\$107,068 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$91,693,402 , Schedule DA).....	91,800,470		91,800,470	9,981,605
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	6,139,473	0	6,139,473	6,402,353
8. Receivables for securities	123,101		123,101	49,012
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	462,363,893	0	462,363,893	485,776,176
11. Title plants less \$ charged off (for Title insurers only).....			0	0
12. Investment income due and accrued	4,704,420	5,610	4,698,810	4,909,169
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	26,365,211	1,482,447	24,882,764	34,066,401
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$731,252 earned but unbilled premium).....	41,924,850	81,250	41,843,600	36,959,106
13.3 Accrued retrospective premium.....	129,732	12,973	116,759	101,866
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	64,479,263		64,479,263	72,683,675
14.2 Funds held by or deposited with reinsured companies			0	0
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	1,992,670		1,992,670	818,837
16.2 Net deferred tax asset	22,037,820	10,907,922	11,129,898	11,860,000
17. Guaranty funds receivable or on deposit	389,523		389,523	175,638
18. Electronic data processing equipment and software.....			0	0
19. Furniture and equipment, including health care delivery assets (\$).....			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	28,654,629		28,654,629	23,538,706
22. Health care (\$) and other amounts receivable.....			0	0
23. Aggregate write-ins for other than invested assets	244,220	22,407	221,813	172,564
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	653,286,231	12,512,609	640,773,622	671,062,138
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. Total (Lines 24 and 25)	653,286,231	12,512,609	640,773,622	671,062,138
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. Other Assets.....	224,074	2,261	221,813	172,564
2302. Miscellaneous Accounts Receivable.....	19,550	19,550	0	0
2303. Prepaid Expenses.....	596	596	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	244,220	22,407	221,813	172,564

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	193,863,759	191,021,964
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	13,327,640	13,056,893
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	45,191,918	45,480,149
4. Commissions payable, contingent commissions and other similar charges	7,180,595	6,996,834
5. Other expenses (excluding taxes, licenses and fees)	12,742,414	13,229,127
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	3,646,893	1,536,386
7.1 Current federal and foreign income taxes (including \$ (391,985) on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	0	0
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 374,942,121 and including warranty reserves of \$)	101,009,240	110,383,940
10. Advance premium	1,586,940	1,410,870
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	328,028	366,911
12. Ceded reinsurance premiums payable (net of ceding commissions)	86,766,402	96,300,846
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	0	0
14. Amounts withheld or retained by company for account of others	900,321	868,246
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	13,541,510	3,144,722
20. Payable for securities	640	0
21. Liability for amounts held under uninsured plans	0	0
22. Capital notes \$ and interest thereon \$	0	0
23. Aggregate write-ins for liabilities	1,087,623	1,767,266
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	481,173,923	485,564,153
25. Protected cell liabilities	0	0
26. Total liabilities (Lines 24 and 25)	481,173,923	485,564,153
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	2,500,000	2,500,000
29. Preferred capital stock	0	0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	0	0
32. Gross paid in and contributed surplus	41,580,363	41,580,363
33. Unassigned funds (surplus)	115,519,336	141,417,622
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)	0	0
34.2 shares preferred (value included in Line 29 \$)	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	159,599,699	185,497,985
36. Totals (Page 2, Line 26, Col. 3)	640,773,622	671,062,138
DETAILS OF WRITE-INS		
2301. Accrued Return Retrospective Premiums	99,182	146,116
2302. Accounts Payable	988,441	1,616,244
2303. Other Liabilities	0	4,906
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,087,623	1,767,266
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	276,485,812	279,599,524
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	153,491,498	148,533,867
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	31,787,366	27,197,715
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	83,842,115	85,708,101
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	269,120,979	261,439,683
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	7,364,833	18,159,841
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	20,598,943	21,504,123
10. Net realized capital gains (losses) less capital gains tax of \$ (1,463,943) (Exhibit of Capital Gains (Losses))	(2,718,752)	88,544
11. Net investment gain (loss) (Lines 9 + 10)	17,880,191	21,592,667
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 1,733 amount charged off \$ 1,659,407)	(1,657,674)	(893,400)
13. Finance and service charges not included in premiums	1,294,635	1,687,104
14. Aggregate write-ins for miscellaneous income	812,279	172,039
15. Total other income (Lines 12 through 14)	449,240	965,743
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	25,694,264	40,718,251
17. Dividends to policyholders	332,276	237,229
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)	25,361,988	40,481,022
19. Federal and foreign income taxes incurred	6,593,658	9,768,199
20. Net income (Line 18 minus Line 19) (to Line 22)	18,768,330	30,712,823
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	185,497,985	188,682,645
22. Net income (from Line 20)	18,768,330	30,712,823
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (10,573,579)	(19,578,574)	4,384,423
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(246,551)	(1,466,867)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(9,953,461)	3,184,962
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
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	1,592,487	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	0	0
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	(15,000,000)	(40,000,000)
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	(1,480,518)	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(25,898,287)	(3,184,659)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	159,599,699	185,497,985
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. Miscellaneous Income	812,279	94,008
1402. Retroactive Reinsurance Gain	0	78,031
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)	812,279	172,039
3701. Additional Minimum Liability on Benefit Plan	(1,480,518)	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)	(1,480,518)	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	262,470,799	287,016,034
2. Net investment income.....	21,562,095	22,509,733
3. Miscellaneous income.....	449,240	965,743
4. Total (Lines 1 through 3).....	284,482,133	310,491,510
5. Benefit and loss related payments.....	139,724,564	151,545,176
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	115,804,560	116,264,555
8. Dividends paid to policyholders.....	371,159	191,027
9. Federal and foreign income taxes paid (recovered) net of \$ (2,096,886) tax on capital gains (losses).....	6,483,197	9,934,676
10. Total (Lines 5 through 9).....	262,383,480	277,935,433
11. Net cash from operations (Line 4 minus Line 10).....	22,098,653	32,556,078
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	61,332,090	107,620,149
12.2 Stocks.....	87,524,339	12,048,077
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	1,408,257	3,125,362
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	17,925	0
12.7 Miscellaneous proceeds.....	4	178,489
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	150,282,615	122,972,077
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	53,233,168	93,582,126
13.2 Stocks.....	24,910,781	14,063,849
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	1,132,777	6,114,755
13.6 Miscellaneous applications.....	867,154	28,473
13.7 Total investments acquired (Lines 13.1 to 13.6).....	80,143,880	113,789,203
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).....	70,138,735	9,182,874
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.....	15,000,000	40,000,000
16.6 Other cash provided (applied).....	4,581,477	8,242,653
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(10,418,523)	(31,757,347)
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).....	81,818,865	9,981,605
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	9,981,605	0
19.2 End of year (Line 18 plus Line 19.1).....	91,800,470	9,981,605

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	6,007,464	2,735,570	3,195,243	5,547,791
2.	Allied lines	4,450,263	2,022,554	2,352,004	4,120,812
3.	Farmowners multiple peril	1,527,597	774,660	743,278	1,558,979
4.	Homeowners multiple peril	34,747,958	20,705,647	15,449,084	40,004,522
5.	Commercial multiple peril	29,418,829	15,471,921	14,341,917	30,548,834
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	(2)	0	0	(2)
9.	Inland marine	3,484,917	1,918,481	1,724,701	3,678,696
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	63,865	36,033	32,684	67,214
11.2	Medical malpractice - claims-made	4,514	4,389	1,982	6,921
12.	Earthquake	602,886	1,244,120	845,407	1,001,598
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	475	359,660	339,112	21,023
16.	Workers' compensation	6,478,916	3,566,680	2,958,338	7,087,258
17.1	Other liability - occurrence	11,316,215	5,489,799	5,332,201	11,473,812
17.2	Other liability - claims-made	1,917,969	886,420	819,136	1,985,253
18.1	Products liability - occurrence	278,951	141,399	136,457	283,893
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	74,056,042	19,579,526	18,153,635	75,481,933
19.3,19.4	Commercial auto liability	17,169,795	9,503,835	8,191,621	18,482,009
21.	Auto physical damage	52,962,101	15,167,705	13,961,613	54,168,193
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	40,152	24,684	19,463	45,373
24.	Surety	22,506,432	10,777,363	12,375,522	20,908,273
26.	Burglary and theft	10,726	6,425	5,292	11,859
27.	Boiler and machinery	1,033	0	0	1,033
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Property	534	0	0	534
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	267,047,632	110,416,871	100,978,691	276,485,812
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
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	3,195,493	(250)		0	3,195,243
2.	Allied lines	2,356,822	(4,818)		0	2,352,004
3.	Farmowners multiple peril	743,278	0		0	743,278
4.	Homeowners multiple peril	15,450,190	(1,106)		0	15,449,084
5.	Commercial multiple peril	14,341,917	0		0	14,341,917
6.	Mortgage guaranty	0	0		0	0
8.	Ocean marine	0	0		0	0
9.	Inland marine	1,724,667	34		0	1,724,701
10.	Financial guaranty	0	0		0	0
11.1	Medical malpractice - occurrence	32,684	0		0	32,684
11.2	Medical malpractice - claims-made	1,982	0		0	1,982
12.	Earthquake	845,734	(327)		0	845,407
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	339,112	0		0	339,112
16.	Workers' compensation	2,979,349	3		(21,014)	2,958,338
17.1	Other liability - occurrence	5,320,623	11,578		0	5,332,201
17.2	Other liability - claims-made	824,765	(378)		(5,252)	819,136
18.1	Products liability - occurrence	136,457	0		0	136,457
18.2	Products liability - claims-made	0	0		0	0
19.1,19.2	Private passenger auto liability	18,157,840	78		(4,283)	18,153,635
19.3,19.4	Commercial auto liability	8,191,621	0		0	8,191,621
21.	Auto physical damage	13,961,543	71		0	13,961,613
22.	Aircraft (all perils)	0	0		0	0
23.	Fidelity	17,584	1,879		0	19,463
24.	Surety	6,948,173	5,427,349		0	12,375,522
26.	Burglary and theft	5,292	0		0	5,292
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	95,575,127	5,434,113	0	(30,549)	100,978,691
36.	Accrued retrospective premiums based on experience					30,549
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					101,009,240
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	765,025	6,007,464		765,025		6,007,464
2. Allied lines	246,941	4,450,263		246,941		4,450,263
3. Farmowners multiple peril	0	1,527,597		0		1,527,597
4. Homeowners multiple peril	111,236,003	34,747,958		111,236,003		34,747,958
5. Commercial multiple peril	0	29,418,829		0		29,418,829
6. Mortgage guaranty	0	0		0		0
8. Ocean marine	0	(2)		0		(2)
9. Inland marine	5,159,990	3,484,917		5,159,990		3,484,917
10. Financial guaranty	0	0		0		0
11.1 Medical malpractice - occurrence	0	63,865		0		63,865
11.2 Medical malpractice - claims-made	0	4,514		0		4,514
12. Earthquake	37,686,417	602,886		37,686,417		602,886
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	0	475		0		475
16. Workers' compensation	431,196	6,478,916		431,196		6,478,916
17.1 Other liability - occurrence	2,080,648	11,316,215		2,080,648		11,316,215
17.2 Other liability - claims-made	0	1,917,969		0		1,917,969
18.1 Products liability - occurrence	0	278,951		0		278,951
18.2 Products liability - claims-made	0	0		0		0
19.1,19.2 Private passenger auto liability	748,878,778	74,056,042		748,878,778		74,056,042
19.3,19.4 Commercial auto liability	(3,341)	17,169,795		(3,341)		17,169,795
21. Auto physical damage	446,056,590	52,962,101		446,056,590		52,962,101
22. Aircraft (all perils)	0	0		0		0
23. Fidelity	0	40,152		0		40,152
24. Surety	0	22,506,432		0		22,506,432
26. Burglary and theft	0	10,726		0		10,726
27. Boiler and machinery	0	1,033		0		1,033
28. Credit	0	0		0		0
29. International	0	0		0		0
30. Warranty	0	0		0		0
31. Reinsurance - Nonproportional Assumed Property	XXX	534		0		534
32. Reinsurance - Nonproportional Assumed Liability	XXX	0		0		0
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	0		0		0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	1,352,538,247	267,047,632	0	1,352,538,247	0	267,047,632
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 ILLINOIS

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	196,473	2,843,255	196,473	2,843,255	1,569,977	1,072,397	3,340,835	60.2
2. Allied lines	380,772	2,893,754	380,772	2,893,754	1,124,507	1,248,948	2,769,313	67.2
3. Farmowners multiple peril	.0	871,494	.0	871,494	351,644	420,349	802,789	51.5
4. Homeowners multiple peril	52,164,999	25,630,053	52,164,565	25,630,487	11,128,476	9,075,736	27,683,227	69.2
5. Commercial multiple peril	.0	17,220,859	.0	17,220,859	26,297,283	25,647,479	17,870,663	58.5
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	0.0
8. Ocean marine	.0	575	.0	575	6,447	7,475	(453)	22,638.5
9. Inland marine	1,515,691	1,392,437	1,515,691	1,392,437	334,480	283,952	1,442,965	39.2
10. Financial guaranty	.0	.0	.0	.0	13	53	(40)	0.0
11.1 Medical malpractice - occurrence	.0	8,412	.0	8,412	83,075	78,654	12,833	19.1
11.2 Medical malpractice - claims-made	.0	10,703	.0	10,703	37,622	52,548	(4,223)	(61.0)
12. Earthquake	7,781	389	7,781	389	6,368	7,690	(933)	(0.1)
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	0.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	0.0
15. Other accident and health	.0	33,179	.0	33,179	412,606	469,228	(23,443)	(111.5)
16. Workers' compensation	3,593,794	4,740,535	3,593,794	4,740,535	31,485,679	34,396,815	1,829,399	25.8
17.1 Other liability - occurrence	1,821,280	4,524,151	1,821,280	4,524,151	19,805,048	19,472,311	4,856,888	42.3
17.2 Other liability - claims-made	.0	1,499,169	.0	1,499,169	2,339,288	2,713,713	1,124,744	56.7
18.1 Products liability - occurrence	.0	159,051	.0	159,051	674,765	623,835	209,981	74.0
18.2 Products liability - claims-made	.0	.0	.0	.0	78	7	71	0.0
19.1,19.2 Private passenger auto liability	415,118,450	44,609,523	415,118,450	44,609,523	62,135,856	63,276,933	43,468,446	57.6
19.3,19.4 Commercial auto liability	.0	8,303,701	.0	8,303,701	19,974,343	16,439,154	11,838,890	64.1
21. Auto physical damage	255,605,363	31,269,559	255,605,363	31,269,559	2,048,978	1,715,460	31,603,077	58.3
22. Aircraft (all perils)	.0	24,300	.0	24,300	40,183	34,900	29,583	0.0
23. Fidelity	.0	6,627	.0	6,627	7,997	7,016	7,608	16.8
24. Surety	.0	1,100,758	.0	1,100,758	4,072,811	3,097,709	2,075,860	9.9
26. Burglary and theft	.0	428	.0	428	1,575	1,232	771	6.5
27. Boiler and machinery	.0	.0	.0	.0	2,445	2,283	162	15.7
28. Credit	.0	.0	.0	.0	.0	.0	.0	0.0
29. International	.0	.0	.0	.0	.0	.0	.0	0.0
30. Warranty	.0	.0	.0	.0	.0	.0	.0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX	1,056,374	.0	1,056,374	.0	.0	1,056,374	197,822.8
32. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	9,922,218	10,876,089	(953,871)	0.0
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	.0	.0	.0	0.0
34. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	0.0
35. TOTALS	730,404,603	148,199,286	730,404,169	148,199,720	193,863,762	191,021,964	151,041,518	54.6
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	0.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

6

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

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	324,157	1,288,101	324,157	1,288,101	129,599	281,876	129,599	1,569,977	114,044
2. Allied lines	72,712	834,713	72,712	834,713	49,797	289,794	49,797	1,124,507	161,636
3. Farmowners multiple peril	.0	303,258	.0	303,258	.0	48,386	.0	351,644	149,869
4. Homeowners multiple peril	17,468,857	8,368,702	17,468,857	8,368,702	5,098,798	2,759,774	5,098,798	11,128,476	1,734,035
5. Commercial multiple peril	.0	16,314,420	.0	16,314,420	3,103	9,982,863	3,103	26,297,283	12,723,072
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Ocean marine	.0	966	.0	966	.0	5,481	.0	6,447	.3
9. Inland marine	215,658	195,062	215,658	195,062	143,134	139,418	143,134	334,480	81,796
10. Financial guaranty	.0	.0	.0	.0	.0	13	.0	13	23
11.1 Medical malpractice - occurrence	.0	53,372	.0	53,372	.0	29,703	.0	83,075	29,094
11.2 Medical malpractice - claims-made	.0	20,500	.0	20,500	.0	17,122	.0	37,622	15,292
12. Earthquake	.0	1,750	.0	1,750	(2,453)	4,618	(2,453)	6,368	5,357
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	434,138	.0	434,138	.0	(21,532)	.0	(a) 412,606	.0
16. Workers' compensation	30,093,614	23,379,205	30,093,614	23,379,205	6,132,403	8,106,474	6,132,403	31,485,679	4,578,168
17.1 Other liability - occurrence	1,891,000	7,515,170	1,891,000	7,515,170	3,167,901	12,289,878	3,167,901	19,805,048	7,476,618
17.2 Other liability - claims-made	.0	951,104	.0	951,104	.0	1,388,184	.0	2,339,288	1,062,021
18.1 Products liability - occurrence	.0	560,970	.0	560,970	10,341	113,795	10,341	674,765	345,403
18.2 Products liability - claims-made	.0	.0	.0	.0	.0	78	.0	78	17
19.1,19.2 Private passenger auto liability	532,169,150	49,637,399	532,169,150	49,637,399	123,362,920	12,498,457	123,362,920	62,135,856	10,158,341
19.3,19.4 Commercial auto liability	.0	14,343,336	.0	14,343,336	4,798	5,631,007	4,798	19,974,343	2,948,595
21. Auto physical damage	8,487	270,890	8,487	270,890	15,719,690	1,778,088	15,719,690	2,048,978	710,526
22. Aircraft (all perils)	.0	39,503	.0	39,503	.0	680	.0	40,183	.0
23. Fidelity	.0	6,410	.0	6,410	.6	1,587	.6	7,997	1,282
24. Surety	.0	(1,517,493)	.0	(1,517,493)	.0	5,590,304	.0	4,072,811	2,805,701
26. Burglary and theft	.0	29	.0	29	507	1,546	507	1,575	839
27. Boiler and machinery	.0	.0	.0	.0	.0	2,445	.0	2,445	1,505
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	6,073,423	.0	6,073,423	XXX	3,848,795	.0	9,922,218	88,680
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	582,243,635	129,074,928	582,243,635	129,074,928	153,820,544	64,788,834	153,820,544	193,863,762	45,191,917
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	29,704,653			29,704,653
1.2 Reinsurance assumed	9,627,273			9,627,273
1.3 Reinsurance ceded	29,704,653			29,704,653
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	9,627,273	0	0	9,627,273
2. Commission and brokerage:				
2.1 Direct, excluding contingent		181,924,825		181,924,825
2.2 Reinsurance assumed, excluding contingent		38,454,268		38,454,268
2.3 Reinsurance ceded, excluding contingent		181,924,825		181,924,825
2.4 Contingent-direct		9,740,985		9,740,985
2.5 Contingent-reinsurance assumed		3,767,183		3,767,183
2.6 Contingent-reinsurance ceded		9,740,985		9,740,985
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	42,221,451	0	42,221,451
3. Allowances to manager and agents	443,469	549,830	9	993,308
4. Advertising	16,881	772,901		789,782
5. Boards, bureaus and associations	108	596,327		596,435
6. Surveys and underwriting reports	921,722	1,922,175	62	2,843,959
7. Audit of assureds' records		0		0
8. Salary and related items:				
8.1 Salaries	11,507,605	13,758,200	486,284	25,752,089
8.2 Payroll taxes	838,009	956,986	4,735	1,799,730
9. Employee relations and welfare	1,648,938	2,758,296	10,054	4,417,288
10. Insurance	602,535	311,919		914,454
11. Directors' fees		81,042	0	81,042
12. Travel and travel items	848,754	951,848	1,674	1,802,276
13. Rent and rent items	1,460,985	1,943,088	2,694	3,406,767
14. Equipment	223,770	318,147	329	542,246
15. Cost or depreciation of EDP equipment and software	1,404,857	2,662,087	8,133	4,075,077
16. Printing and stationery	77,310	183,058	17,478	277,846
17. Postage, telephone and telegraph, exchange and express	530,421	1,245,731	671	1,776,823
18. Legal and auditing	1,634,729	3,336,647	25,278	4,996,654
19. Totals (Lines 3 to 18)	22,160,093	32,348,282	557,401	55,065,776
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$123,334		5,036,253		5,036,253
20.2 Insurance department licenses and fees		641,820		641,820
20.3 Gross guaranty association assessments		276,324		276,324
20.4 All other (excluding federal and foreign income and real estate)		3,218,316		3,218,316
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	9,172,713	0	9,172,713
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans		(3,295)		(3,295)
24. Aggregate write-ins for miscellaneous expenses	0	102,964	0	102,964
25. Total expenses incurred	31,787,366	83,842,115	557,401	(a) 116,186,882
26. Less unpaid expenses - current year	45,191,917	23,569,902		68,761,819
27. Add unpaid expenses - prior year	45,480,149	21,762,347	0	67,242,496
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)	32,075,598	82,034,560	557,401	114,667,559
DETAILS OF WRITE-INS				
2401. Charitable Contributions		102,964		102,964
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	102,964	0	102,964

(a) Includes management fees of \$ 39,727 to affiliates and \$ 4,109 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 638,423	484,086
1.1 Bonds exempt from U.S. tax	(a) 9,093,375	9,350,971
1.2 Other bonds (unaffiliated)	(a) 8,173,135	8,009,812
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 866,852	887,874
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	1,683,353	1,513,822
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) 770,560	774,372
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	149,571	149,571
10. Total gross investment income	21,375,269	21,170,508
11. Investment expenses		(g) 557,401
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 14,164
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)		571,565
17. Net investment income (Line 10 minus Line 16)		20,598,943
DETAILS OF WRITE-INS		
0901. Securities Lending Income	68,353	68,353
0902. Miscellaneous Interest Income	81,218	81,218
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)	149,571	149,571
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 \$ 640,260 accrual of discount less \$ 1,386,637 amortization of premium and less \$ 356,064 paid for accrued interest on purchases.
 (b) Includes \$ 0 accrual of discount less \$ 12,026 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
 (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
 (e) Includes \$ 270,655 accrual of discount less \$ 0 amortization of premium and less \$ 1,841 paid for accrued interest on purchases.
 (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
 (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
 (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5. Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(13,079)	0	(13,079)	0	0
1.1 Bonds exempt from U.S. tax	1,095,310	(398,334)	696,976	(1,798,452)	0
1.2 Other bonds (unaffiliated)	(3,176,086)	(1,209,944)	(4,386,030)	(1,550,439)	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	(2,664,000)	(2,664,000)	660,954	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	5,864,464	(2,917,660)	2,946,804	(28,452,290)	0
2.21 Common stocks of affiliates	0	0	0	988,072	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	17,925	(793,894)	(775,969)	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	12,600	0	12,600	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	3,801,134	(7,983,832)	(4,182,698)	(30,152,155)	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)	0	0	0
8. Receivables for securities	0	186	186
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	186	186
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	5,610	0	(5,610)
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	1,482,447	1,915,346	432,899
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	81,250	83,816	2,566
13.3 Accrued retrospective premiums.....	12,973	11,318	(1,655)
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.....	10,907,922	528,636	(10,379,286)
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets	22,407	19,846	(2,561)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	12,512,609	2,559,148	(9,953,461)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	12,512,609	2,559,148	(9,953,461)
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. Other Assets.....	2,261	0	(2,261)
2302. Miscellaneous Accounts Receivable.....	19,550	19,250	(300)
2303. Prepaid Expenses.....	596	596	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	22,407	19,846	(2,561)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The state of Illinois requires insurance companies domiciled in the state of Illinois 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 Illinois Insurance Department.

There are no differences between Illinois 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.

NOTES TO FINANCIAL STATEMENTS

5. Mortgage Loans

The Company does not have any investments in mortgage loans.

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 affiliates Insurance Company of Illinois 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.

NOTES TO FINANCIAL STATEMENTS

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.

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 \$1,594,000. The impact of this change was an increase in 2008 unassigned funds (surplus) of \$1,594,000, a reduction in the reserve for unpaid losses of \$2,450,000 and a decrease in the federal income tax recoverable of \$1,594,000.

3. Business Combinations and Goodwill

A. Statutory purchase method

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

B. Statutory mergers

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

C. Impairment loss

Not Applicable

4. Discontinued Operations

The Company had no discontinued operations to report.

5. Investments

A. Mortgage loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

The Company has no reverse mortgages

NOTES TO FINANCIAL STATEMENTS

D. Loan-backed securities

1. Amortization of bond premium and discount is calculated using the effective-yield method. The retrospective-adjustment method is used to value all mortgage-backed and asset-backed securities. Using this method, anticipated prepayments are considered when determining the amortization of discount or premium for loan-backed securities.
2. Prepayment assumptions are obtained from dealer survey values or internal estimates and are consistent with the current interest rate and economic environment.
3. The Company had no negative yield situations requiring a change from the retrospective to the prospective method.

E. Repurchase Agreements

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

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

1. The Company has two investments that generate Low Income Housing Tax Credits (LIHTC). The investment in Southernside Apartments, LP has 9 remaining years of unexpired tax credits and the required holding period is 10 years. The investment in NW Apartments, LP has 9 remaining years of unexpired tax credits and the required holding period is 9 years.
2. The Company is not aware of any regulatory reviews related to the LIHTC properties.
3. The LIHTC investments do not exceed 10% of the Company's total admitted assets.
4. The Company did not recognize an impairment loss on the LIHTC investments.
5. The Company did not recognize a write-down or reclassification of the LIHTC investments during the year due to forfeiture or ineligibility of the tax credits.

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 does not accrue income for securities which are in default or where there is uncertainty regarding their ability to make future income payments.

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 \$22,000 of investment income due and accrued related to securities in default.

As of December 31, 2008, the Company non-admitted \$5,610 of investment income due and accrued over 90 days past due.

NOTES TO FINANCIAL STATEMENTS

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	24,099,172	24,939,967	(840,795)
Total of deferred tax liabilities	(2,061,352)	(12,551,331)	10,489,979
Net deferred tax asset (liability)	22,037,820	12,388,636	9,649,184
Net deferred tax asset non-admitted	(10,907,922)	(528,635)	(10,379,287)
Net admitted deferred tax asset (liability)	11,129,898	11,860,001	(730,103)

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

	2008	2007
Federal tax on operations	6,593,658	9,768,199
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	6,593,658	9,768,199
Tax on capital gains	(1,463,943)	868,285
Total income tax incurred	5,129,715	10,636,484

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)	(924,395)
Tax effect of unrealized (gains) losses	10,573,579
Total change in net deferred income tax	9,649,184

- 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 \$5,169,658 from the current year and \$11,376,287 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 \$15,000,000 in 2008. The transactions were as follows:

- On May 16, 2008, the Company declared dividends in the amount of \$5,000,000 which were paid on June 16, 2008.
- On July 28, 2008, the Company declared dividends in the amount of \$10,000,000 which were paid on September 15, 2008.

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

- On January 31, 2008, the Company loaned overnight invested funds in the amount of \$3,410,000.
- On August 31, 2008, the Company loaned overnight invested funds in the amount of \$11,635,000.
- On September 30, 2008, the Company loaned overnight invested funds in the amount of \$4,095,000.
- On October 31, 2008, the Company loaned overnight invested funds in the amount of \$6,780,000.

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

- On November 18, 2008, the Company loaned \$4,655,000. The loan remained unsettled as of December 31, 2008.

C. Change in Terms of Intercompany Arrangements

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

D. Amount due from or to Related Parties

	Due (To) From <u>12/31/2008</u>	Due (To) From <u>12/31/2007</u>
Intercompany Loan	(\$75,000)	\$0
Intercompany Reinsurance Offset	\$18,887,925	\$0
Intercompany Expense Sharing	(\$3,699,805)	\$15,168,985
Overnight Invested Funds	\$0	\$5,225,000

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.

NOTES TO FINANCIAL STATEMENTS

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 Illinois 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 \$ 39,727 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 Illinois 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 5% 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 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.

L. Investment in Downstream Holding Company

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

11. Debt

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

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

A. Defined Benefit Plans

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

B. Defined Contribution Plans

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

NOTES TO FINANCIAL STATEMENTS

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 \$1,480,518 was recognized in accordance with SSAP 89 and is reported as a component of unassigned funds(surplus). The 2007 costs included a one-time recognition of liabilities for the vesting and plan freeze changes adopted in 2007. In 2007, the prepaid cash balance plan, which was reported as a non-admitted asset, was decreased by \$33,759,000, which included a one-time curtailment loss of \$25,000,000. The Company has no legal obligation for benefits under this plan.

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

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

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

E. Postemployment Benefits and Compensated Absences

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

F. Impact of Medicare Modernization Act on Post Retirement Benefits

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

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

1. Outstanding shares

The Company has 20,000 shares of \$125.00 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

NOTES TO FINANCIAL STATEMENTS

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

The Company is restricted by the State of Illinois 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
05/16/2008	06/16/2008	\$ 5,000,000		X
07/28/2008	09/15/2008	\$ 10,000,000	X	

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

The Company may pay up to \$18,768,330 in the aggregate in 2009 without prior regulatory approval.

6. Restrictions on unassigned funds

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

7. Mutual surplus advances

The Company had no advances to surplus.

8. Company stock held for special purposes

The Company does not hold stock for special purposes.

9. Changes in special surplus funds

The Company does not hold special surplus funds.

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

Unassigned funds (surplus) was increased by \$10,591,680 of cumulative unrealized capital gains.

11. Surplus notes

The Company does not have surplus notes.

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

The Company did not have any quasi-reorganizations.

14. Contingencies

A. Contingent commitments

1. The Company has purchased annuities from life insurers under structured settlements in which the claimants are payees (see Note 26A). In cases where the Company is contingently liable if the issuers of these annuities fail to perform under the terms of the annuities, the Company does not reduce its unpaid losses.
2. The Company has commitments to invest a certain amount of capital in various Low Income Housing Tax Credit Property (LIHTC) partnerships and limited liability companies. As of December 31, 2008, the Company’s total remaining commitments related to these LIHTC partnerships and limited liability companies was \$339,853.
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.

NOTES TO FINANCIAL STATEMENTS

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 \$571,519 and a related premium tax benefit asset of \$389,523. 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 \$2,325,000. The first installment payment was made in December 2008 and the remaining installments will be paid in 2009.

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

C. Gain contingencies

Not Applicable

D. Extra Contractual Obligation and Bad Faith Losses

The Company 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	\$ 9,331,924

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 []

NOTES TO FINANCIAL STATEMENTS

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 \$2,384,247, preferred stock impairments of \$2,664,000 and common stock impairments of \$2,917,660 for investments that have experienced an other-than-temporary decline in value.

15. Leases

The Company is not involved in material lease obligations.

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

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

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

A. Transfers of receivables reported as sales

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

B. Transfers and servicing of financial assets

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

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

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 \$3,295.

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 \$17,050,000 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, Safeco Insurance Company of America and General Insurance Company of America made non-revocable, non-refundable contributions to the Safeco Insurance Foundation of highly appreciated marketable equity securities. Expenses for these contributions are subject to the intercompany pooling agreement described in Note 25. Contribution expense allocated to the Company amounted to \$3,000,000 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 \$431,000 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 \$1,952,000 for payments related to the change in control agreements.

In addition to the above expenses, the Company expensed \$2,664,000 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	34	638	237	8,432	4,570	0	0
Dec-94	2	6	3	948	282	0	0
Dec-95	11	4	5	1,049	229	0	0
Dec-96	32	13	8	766	330	0	0
Dec-97	5	26	10	1,271	347	2	0
Dec-98	<u>38</u>	<u>62</u>	<u>57</u>	<u>2,163</u>	<u>426</u>	<u>2</u>	<u>0</u>
TOTAL	122	749	320	14,630	6,184	3	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	(220)	(0)	0	0
Dec-94	0	0	0	(9)	0	0	0
Dec-95	0	0	0	(67)	0	0	0
Dec-96	0	0	0	(37)	0	0	0
Dec-97	0	0	0	(30)	0	(0)	0
Dec-98	<u>1</u>	<u>1</u>	<u>0</u>	<u>(33)</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
TOTAL	1	1	0	(396)	(0)	(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	34	638	237	8,212	4,569	0	0
Dec-94	2	6	3	939	282	0	0
Dec-95	11	4	5	983	229	0	0
Dec-96	32	13	8	729	330	0	0
Dec-97	5	26	10	1,241	347	2	0
Dec-98	<u>39</u>	<u>64</u>	<u>57</u>	<u>2,130</u>	<u>426</u>	<u>2</u>	<u>0</u>
TOTAL	123	751	320	14,234	6,183	3	0

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

	PART G SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	40	6,055	0	0	18	53	377
Dec-94	0	13	6	2	2	0	0
Dec-95	0	41	2	0	4	0	0
Dec-96	0	198	(3)	3	5	16	0
Dec-97	0	157	18	0	6	1	0
Dec-98	<u>7</u>	<u>87</u>	<u>6</u>	<u>54</u>	<u>7</u>	<u>14</u>	<u>0</u>
TOTAL	47	6,551	29	59	41	84	377

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

	PART G 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	(3)	0	0	(0)	(114)	0
Dec-94	0	(0)	0	0	0	(0)	0
Dec-95	0	(0)	0	0	0	(0)	0
Dec-96	0	(0)	0	0	0	(0)	0
Dec-97	0	(0)	0	0	0	(2)	0
Dec-98	<u>0</u>	<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>3</u>	<u>(10)</u>	<u>0</u>
TOTAL	0	(4)	(0)	0	3	(127)	0

NOTES TO FINANCIAL STATEMENTS

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

	PART G SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	40	6,052	0	0	18	(61)	377
Dec-94	0	13	6	2	2	0	0
Dec-95	0	41	2	0	4	0	0
Dec-96	0	198	(3)	3	5	16	0
Dec-97	0	157	18	0	6	(2)	0
Dec-98	<u>7</u>	<u>87</u>	<u>6</u>	<u>55</u>	<u>10</u>	<u>3</u>	<u>0</u>
TOTAL	47	6,548	29	59	44	(42)	377

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	10,175	0	600	0	0	31,228
Dec-94	0	47	0	0	0	0	1,311
Dec-95	0	0	0	1	0	0	1,346
Dec-96	0	0	0	1	0	0	1,369
Dec-97	0	0	0	1	0	0	1,843
Dec-98	<u>0</u>	<u>0</u>	<u>0</u>	<u>51</u>	<u>0</u>	<u>0</u>	<u>2,975</u>
TOTAL	0	10,222	0	654	0	0	40,072

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	(338)
Dec-94	0	0	0	0	0	0	(9)
Dec-95	0	0	0	0	0	0	(67)
Dec-96	0	0	0	0	0	0	(37)
Dec-97	0	0	0	0	0	0	(32)
Dec-98	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>(0)</u>	<u>(38)</u>
TOTAL	0	0	0	(0)	0	(0)	(521)

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	10,175	0	600	0	0	30,890
Dec-94	0	47	0	0	0	0	1,302
Dec-95	0	0	0	1	0	0	1,280
Dec-96	0	0	0	1	0	0	1,331
Dec-97	0	0	0	1	0	0	1,811
Dec-98	<u>0</u>	<u>0</u>	<u>0</u>	<u>51</u>	<u>0</u>	<u>0</u>	<u>2,937</u>
TOTAL	0	10,222	0	654	0	0	39,551

D. Uncollectible premiums receivable

At December 31, 2008 and 2007, the Company had admitted assets of \$66,843,122 and \$71,127,373, 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 \$659,952. 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 \$1,576,670.

E. Business Interruption Insurance Recoveries

Not Applicable

NOTES TO FINANCIAL STATEMENTS

F. State Transferable Tax Credits

Carrying value of transferable state tax credits gross of any related state tax

1. liabilities:

Missouri	<u>\$ 6,139,473</u>
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Total unused transferable state tax credits:

Missouri	<u>\$ 6,139,473</u>
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2.

Method of estimating utilization of remaining transferable state tax credits or other projected recovery of the current carrying value: We estimate utilization of remaining transferable state tax credits using projected premiums for future years.

3. Impairment amount recognized by the reporting period: NONE

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.

<u>CUSIP</u>	<u>Issuer</u>	<u>Description</u>	<u>Book/Adjusted Carry Value</u>
060505DT8	Bank of America	Depository Shares	1,514,700
48124G104	JP Morgan	Capital Security	3,000,000

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	\$791,612	\$791,612	\$726,064	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.

NOTES TO FINANCIAL STATEMENTS

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.

Assets and liabilities related to insurance underwriting are similarly shared.

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

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

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

B. Reinsurance Recoverables in Dispute

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

C. Reinsurance Assumed and Ceded

1)	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a. Affiliates	\$ 100,978,691	\$ 14,557,712	\$ 374,942,121	\$ 50,432,052	\$ (273,963,430)	\$ (35,874,340)
b. All Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. TOTAL	\$ 100,978,691	\$ 14,557,712	\$ 374,942,121	\$ 50,432,052	\$ (273,963,430)	\$ (35,874,340)

d. Direct Unearned Premium Reserve: \$ 374,942,121

NOTES TO FINANCIAL STATEMENTS

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

		Reinsurance			
		(1) Direct	(2) Assumed	(3) Ceded	(4) Net
a.	Contingent Commission	\$ 15,026,862	\$ -	\$ -	\$ 15,026,862
b.	Sliding Scale Adjustments	-	-	-	-
c.	Other Profit Commission Arrangements	-	-	-	-
d.	TOTAL	\$ 15,026,862	\$ -	\$ -	\$ 15,026,862

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.

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements.

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any deposit type reinsurance agreements as of December 31, 2008.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method used to estimate

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

B. Method used to record

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

C. Amount and percent of net retrospective premiums

Net premiums written for 2008 on retrospective workers compensation policies was \$89,038 or 1.4% of total workers compensation net premiums written.

D. Calculation of nonadmitted accrued retrospective premiums

a.	Total accrued retro premium	\$ 129,732
b.	Unsecured amount	129,732
c.	Less: Nonadmitted amount (10%)	12,973
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount: a - c - d	<u>\$ 116,759</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 \$7.1 million. This total decrease includes loss and defense and cost containment expenses changes as follows:

- \$2.8 million reduction in surety reserves reflecting lower-than-expected number of claims.
- \$1.1 million reduction in other liability - occurrence driven primarily by favorable development of \$0.8 million due to lower-than-expected claim number in construction defect.
- \$2.9 million reduction in private passenger auto liability reserves, reflecting decreases in severity estimates primarily in accident years 2005 through 2007.
- \$1.5 million reduction in commercial multiple peril reserves. This includes a reduction in construction defect reserves of \$0.6 million reflecting lower-than-expected number of claims. The remaining decrease was due to lower-than-expected claim severity in property and liability.
- \$0.7 million reduction in other liability – claims-made due to a decrease due to lower-than-expected claim severity.
- \$1.1 million increase in commercial auto/truck liability reserves reflecting increases in severity estimates for prior accident years.

The remaining \$0.8 million increase was in a number of lines including adjusting and other payments. This increase is due to emerging claim trends and related loss data.

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:

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

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

Effective January 1, 2009, the existing Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement was amended to add the Company as a party to the agreement. The Company's percentage in the PIC pool is 2%.

NOTES TO FINANCIAL STATEMENTS

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

		<u>NAIC</u> <u>Co. #</u>	<u>Pooling</u> <u>%</u>	<u>Lines of</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 lead company and American States Insurance Company are the only affiliates that participate in reinsurance agreements whereby risk is ceded to unaffiliated reinsurers.
- E. There are no discrepancies between entries regarding pooled business assumed and ceded reinsurance schedules of the lead company and corresponding entries on the assumed and ceded reinsurance schedules of the other participants.

NOTES TO FINANCIAL STATEMENTS

- F. The lead company and American States Insurance Company carry 100% of the Provision for Reinsurance. Any write-offs of uncollectible ceded reinsurance from unaffiliated reinsurers are applied and ceded to the participants in accordance with the provisions of the intercompany reinsurance agreement.
- G. The amounts due to/from the lead company, Safeco Insurance Company of America, and all affiliated entities participating in the intercompany pool as of December 31, 2008 were as follows:

<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 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 \$3,273,030 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 \$33,935,659 of liabilities carried at a discounted value of \$31,485,679 representing a discount of \$2,449,980.

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		\$2,449,980
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) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$1,882,131	\$3,168,089	\$4,296,994	\$5,325,579	\$5,378,914
	b. Incurred Loss and ALAE	1,686,871	1,457,300	1,442,568	676,105	1,089,905
	c. Calendar payments for Loss and ALAE	400,913	328,395	413,983	622,770	729,689
	d. Ending Reserves:	\$3,168,089	\$4,296,994	\$5,325,579	\$5,378,914	\$5,739,130
	(2) Assumed	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$5,220,182	\$5,327,725	\$5,010,348	\$4,988,088	\$6,008,900
	b. Incurred Loss and ALAE	441,074	(30,700)	282,684	1,518,742	(284,611)
	c. Calendar payments for Loss and ALAE	333,531	286,677	304,944	497,930	640,067
	d. Ending Reserves:	\$5,327,725	\$5,010,348	\$4,988,088	\$6,008,900	\$5,084,222
	(3) Net of Reinsurance	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$6,295,484	\$7,090,883	\$7,946,911	\$8,539,666	\$9,422,919
	b. Incurred Loss and ALAE	1,481,050	1,430,599	1,280,795	1,792,565	296,140
	c. Calendar payments for Loss and ALAE	685,651	574,571	688,040	909,312	814,255
	d. Ending Reserves:	\$7,090,883	\$7,946,911	\$8,539,666	\$9,422,919	\$8,904,804

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

(1) Direct	\$2,728,439
(2) Assumed	\$1,286,835
(3) Net of Reinsurance	\$3,374,087

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

(1) Direct	\$2,098,692
(2) Assumed	\$177
(3) Net of Reinsurance	\$1,691,606

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) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$ 5,328,413	\$ 5,650,310	\$ 6,437,583	\$ 6,156,311	\$ 5,020,283
	b. Incurred Loss and ALAE	965,325	1,500,206	321,907	14,165	56,372
	c. Calendar payments for Loss and ALAE	643,428	712,933	603,179	1,150,193	677,745
	d. Ending Reserves:	\$ 5,650,310	\$ 6,437,583	\$ 6,156,311	\$ 5,020,283	\$ 4,398,910
	(2) Assumed	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$ 2,365,463	\$ 2,509,758	\$ 1,663,309	\$ 1,498,514	\$ 1,469,820
	b. Incurred Loss and ALAE	192,667	(724,812)	31,546	12,888	37,421
	c. Calendar payments for Loss and ALAE	48,372	121,637	196,341	41,582	65,709
	d. Ending Reserves:	\$ 2,509,758	\$ 1,663,309	\$ 1,498,514	\$ 1,469,820	\$ 1,441,532
	(3) Net of Reinsurance	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$ 7,302,854	\$ 7,732,599	\$ 7,444,765	\$ 6,719,572	\$ 5,828,931
	b. Incurred Loss and ALAE	997,035	365,119	34,043	54,833	63,441
	c. Calendar payments for Loss and ALAE	567,290	652,953	759,236	945,474	462,927
	d. Ending Reserves:	\$ 7,732,599	\$ 7,444,765	\$ 6,719,572	\$ 5,828,931	\$ 5,429,445

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

(1) Direct	\$ 2,760,911
(2) Assumed	\$ 927,365
(3) Net of Reinsurance	\$ 3,591,737

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

(1) Direct	\$ 2,037,634
(2) Assumed	\$ -
(3) Net of Reinsurance	\$ 1,987,161

NOTES TO FINANCIAL STATEMENTS

33. Subscriber Savings Accounts

Not Applicable

34. Multiple Peril Crop Insurance

Not Applicable

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

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).....	319,905,645		319,905,645	335,801,964
2. Stocks (Schedule D):				
2.1 Preferred stocks	11,627,132		11,627,132	10,117,204
2.2 Common stocks	32,768,072		32,768,072	123,424,038
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$107,068 , Schedule E, Part 1), cash equivalents (\$, Schedule E, Part 2) and short-term investments (\$91,693,402 , Schedule DA).....	91,800,470		91,800,470	9,981,605
6. Contract loans, (including \$premium notes)				
7. Other invested assets (Schedule BA)	6,139,473		6,139,473	6,402,353
8. Receivables for securities	123,101		123,101	49,012
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	462,363,893		462,363,893	485,776,176
11. Title plants less \$ charged off (for Title insurers only).....				
12. Investment income due and accrued	4,704,420	5,610	4,698,810	4,909,169
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	26,365,211	1,482,447	24,882,764	34,066,401
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$731,252 earned but unbilled premium).....	41,924,850	81,250	41,843,600	36,959,106
13.3 Accrued retrospective premium.....	129,732	12,973	116,759	101,866
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	64,479,263		64,479,263	72,683,675
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	1,992,670		1,992,670	818,837
16.2 Net deferred tax asset.....	22,037,820	10,907,922	11,129,898	11,860,000
17. Guaranty funds receivable or on deposit	389,523		389,523	175,638
18. Electronic data processing equipment and software.....				
19. Furniture and equipment, including health care delivery assets (\$).....				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	28,654,629		28,654,629	23,538,706
22. Health care (\$) and other amounts receivable.....				
23. Aggregate write-ins for other than invested assets	244,220	22,407	221,813	172,564
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	653,286,231	12,512,609	640,773,622	671,062,138
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....				
26. Total (Lines 24 and 25)	653,286,231	12,512,609	640,773,622	671,062,138
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)				
2301. Other Assets.....	224,074	2,261	221,813	172,564
2302. Miscellaneous Accounts Receivable.....	19,550	19,550		
2303. Prepaid Expenses.....	596	596		
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	244,220	22,407	221,813	172,564

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	193,863,759	191,021,964
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	13,327,640	13,056,893
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	45,191,918	45,480,149
4. Commissions payable, contingent commissions and other similar charges	7,180,595	6,996,834
5. Other expenses (excluding taxes, licenses and fees)	12,742,414	13,229,127
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	3,646,893	1,536,386
7.1 Current federal and foreign income taxes (including \$ (391,985) on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 374,942,121 and including warranty reserves of \$)	101,009,240	110,383,940
10. Advance premium	1,586,940	1,410,870
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	328,028	366,911
12. Ceded reinsurance premiums payable (net of ceding commissions)	86,766,402	96,300,846
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	900,321	868,246
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	13,541,510	3,144,722
20. Payable for securities	640	
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities	1,087,623	1,767,266
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	481,173,923	485,564,153
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	481,173,923	485,564,153
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	2,500,000	2,500,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	41,580,363	41,580,363
33. Unassigned funds (surplus)	115,519,336	141,417,622
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		
34.2 shares preferred (value included in Line 29 \$)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	159,599,699	185,497,985
36. Totals (Page 2, Line 26, Col. 3)	640,773,622	671,062,138
DETAILS OF WRITE-INS		
2301. Accrued Return Retrospective Premiums	99,182	146,116
2302. Accounts Payable	988,441	1,616,244
2303. Other Liabilities		4,906
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,087,623	1,767,266
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	276,485,812	279,599,524
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	153,491,498	148,533,867
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	31,787,366	27,197,715
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	83,842,115	85,708,101
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	269,120,979	261,439,683
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	7,364,833	18,159,841
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	20,598,943	21,504,123
10. Net realized capital gains (losses) less capital gains tax of \$ (1,463,943) (Exhibit of Capital Gains (Losses))	(2,718,752)	88,544
11. Net investment gain (loss) (Lines 9 + 10)	17,880,191	21,592,667
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 1,733 amount charged off \$ 1,659,407)	(1,657,674)	(893,400)
13. Finance and service charges not included in premiums	1,294,635	1,687,104
14. Aggregate write-ins for miscellaneous income	812,279	172,039
15. Total other income (Lines 12 through 14)	449,240	965,743
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	25,694,264	40,718,251
17. Dividends to policyholders	332,276	237,229
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)	25,361,988	40,481,022
19. Federal and foreign income taxes incurred	6,593,658	9,768,199
20. Net income (Line 18 minus Line 19) (to Line 22)	18,768,330	30,712,823
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	185,497,985	188,682,645
22. Net income (from Line 20)	18,768,330	30,712,823
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (10,573,579)	(19,578,574)	4,384,423
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(246,551)	(1,466,867)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(9,953,461)	3,184,962
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles	1,592,487	
32. Capital changes:		
32.1. Paid in		
32.2. Transferred from surplus (Stock Dividend)		
32.3. Transferred to surplus		
33. Surplus adjustments:		
33.1. Paid in		
33.2. Transferred to capital (Stock Dividend)		
33.3. Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(15,000,000)	(40,000,000)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(1,480,518)	
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(25,898,287)	(3,184,659)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	159,599,699	185,497,985
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401. Miscellaneous Income	812,279	94,008
1402. Retroactive Reinsurance Gain		78,031
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	812,279	172,039
3701. Additional Minimum Liability on Benefit Plan	(1,480,518)	
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(1,480,518)	

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance.....	262,470,799	287,016,034
2. Net investment income.....	21,562,095	22,509,733
3. Miscellaneous income.....	449,240	965,743
4. Total (Lines 1 through 3).....	284,482,133	310,491,510
5. Benefit and loss related payments.....	139,724,564	151,545,176
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	115,804,560	116,264,555
8. Dividends paid to policyholders.....	371,159	191,027
9. Federal and foreign income taxes paid (recovered) net of \$ (2,096,886) tax on capital gains (losses).....	6,483,197	9,934,676
10. Total (Lines 5 through 9).....	262,383,480	277,935,433
11. Net cash from operations (Line 4 minus Line 10).....	22,098,653	32,556,078
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	61,332,090	107,620,149
12.2 Stocks.....	87,524,339	12,048,077
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	1,408,257	3,125,362
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	17,925	
12.7 Miscellaneous proceeds.....	4	178,489
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	150,282,615	122,972,077
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	53,233,168	93,582,126
13.2 Stocks.....	24,910,781	14,063,849
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	1,132,777	6,114,755
13.6 Miscellaneous applications.....	867,154	28,473
13.7 Total investments acquired (Lines 13.1 to 13.6).....	80,143,880	113,789,203
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	70,138,735	9,182,874
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	15,000,000	40,000,000
16.6 Other cash provided (applied).....	4,581,477	8,242,653
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(10,418,523)	(31,757,347)
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).....	81,818,865	9,981,605
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	9,981,605	(0)
19.2 End of year (Line 18 plus Line 19.1).....	91,800,470	9,981,605

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	6,007,464	2,735,570	3,195,243	5,547,791
2.	Allied lines	4,450,263	2,022,554	2,352,004	4,120,812
3.	Farmowners multiple peril	1,527,597	774,660	743,278	1,558,979
4.	Homeowners multiple peril	34,747,958	20,705,647	15,449,084	40,004,522
5.	Commercial multiple peril	29,418,829	15,471,921	14,341,917	30,548,834
6.	Mortgage guaranty				
8.	Ocean marine	(2)			(2)
9.	Inland marine	3,484,917	1,918,481	1,724,701	3,678,696
10.	Financial guaranty				
11.1	Medical malpractice - occurrence	63,865	36,033	32,684	67,214
11.2	Medical malpractice - claims-made	4,514	4,389	1,982	6,921
12.	Earthquake	602,886	1,244,120	845,407	1,001,598
13.	Group accident and health				
14.	Credit accident and health (group and individual)				
15.	Other accident and health	475	359,660	339,112	21,023
16.	Workers' compensation	6,478,916	3,566,680	2,958,338	7,087,258
17.1	Other liability - occurrence	11,316,215	5,489,799	5,332,201	11,473,812
17.2	Other liability - claims-made	1,917,969	886,420	819,136	1,985,253
18.1	Products liability - occurrence	278,951	141,399	136,457	283,893
18.2	Products liability - claims-made				
19.1,19.2	Private passenger auto liability	74,056,042	19,579,526	18,153,635	75,481,933
19.3,19.4	Commercial auto liability	17,169,795	9,503,835	8,191,621	18,482,009
21.	Auto physical damage	52,962,101	15,167,705	13,961,613	54,168,193
22.	Aircraft (all perils)				
23.	Fidelity	40,152	24,684	19,463	45,373
24.	Surety	22,506,432	10,777,363	12,375,522	20,908,273
26.	Burglary and theft	10,726	6,425	5,292	11,859
27.	Boiler and machinery	1,033			1,033
28.	Credit				
29.	International				
30.	Warranty				
31.	Reinsurance - Nonproportional Assumed Property	534			534
32.	Reinsurance - Nonproportional Assumed Liability				
33.	Reinsurance - Nonproportional Assumed Financial Lines				
34.	Aggregate write-ins for other lines of business				
35.	TOTALS	267,047,632	110,416,871	100,978,691	276,485,812
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page				
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 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	3,195,493	(250)			3,195,243
2.	Allied lines	2,356,822	(4,818)			2,352,004
3.	Farmowners multiple peril	743,278				743,278
4.	Homeowners multiple peril	15,450,190	(1,106)			15,449,084
5.	Commercial multiple peril	14,341,917				14,341,917
6.	Mortgage guaranty					
8.	Ocean marine					
9.	Inland marine	1,724,667	34			1,724,701
10.	Financial guaranty					
11.1	Medical malpractice - occurrence	32,684				32,684
11.2	Medical malpractice - claims-made	1,982				1,982
12.	Earthquake	845,734	(327)			845,407
13.	Group accident and health					
14.	Credit accident and health (group and individual)					
15.	Other accident and health	339,112				339,112
16.	Workers' compensation	2,979,349	3		(21,014)	2,958,338
17.1	Other liability - occurrence	5,320,623	11,578			5,332,201
17.2	Other liability - claims-made	824,765	(378)		(5,252)	819,136
18.1	Products liability - occurrence	136,457				136,457
18.2	Products liability - claims-made					
19.1,19.2	Private passenger auto liability	18,157,840	78		(4,283)	18,153,635
19.3,19.4	Commercial auto liability	8,191,621				8,191,621
21.	Auto physical damage	13,961,543	71			13,961,613
22.	Aircraft (all perils)					
23.	Fidelity	17,584	1,879			19,463
24.	Surety	6,948,173	5,427,349			12,375,522
26.	Burglary and theft	5,292				5,292
27.	Boiler and machinery					
28.	Credit					
29.	International					
30.	Warranty					
31.	Reinsurance - Nonproportional Assumed Property					
32.	Reinsurance - Nonproportional Assumed Liability					
33.	Reinsurance - Nonproportional Assumed Financial Lines					
34.	Aggregate write-ins for other lines of business					
35.	TOTALS	95,575,127	5,434,113		(30,549)	100,978,691
36.	Accrued retrospective premiums based on experience					30,549
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					101,009,240
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page					
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

(a) 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	765,025	6,007,464		765,025		6,007,464
2. Allied lines	246,941	4,450,263		246,941		4,450,263
3. Farmowners multiple peril		1,527,597				1,527,597
4. Homeowners multiple peril	111,236,003	34,747,958		111,236,003		34,747,958
5. Commercial multiple peril		29,418,829				29,418,829
6. Mortgage guaranty						
8. Ocean marine		(2)				(2)
9. Inland marine	5,159,990	3,484,917		5,159,990		3,484,917
10. Financial guaranty						
11.1 Medical malpractice - occurrence		63,865				63,865
11.2 Medical malpractice - claims-made		4,514				4,514
12. Earthquake	37,686,417	602,886		37,686,417		602,886
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health		475				475
16. Workers' compensation	431,196	6,478,916		431,196		6,478,916
17.1 Other liability - occurrence	2,080,648	11,316,215		2,080,648		11,316,215
17.2 Other liability - claims-made		1,917,969				1,917,969
18.1 Products liability - occurrence		278,951				278,951
18.2 Products liability - claims-made						
19.1,19.2 Private passenger auto liability	748,878,778	74,056,042		748,878,778		74,056,042
19.3,19.4 Commercial auto liability	(3,341)	17,169,795		(3,341)		17,169,795
21. Auto physical damage	446,056,590	52,962,101		446,056,590		52,962,101
22. Aircraft (all perils)						
23. Fidelity		40,152				40,152
24. Surety		22,506,432				22,506,432
26. Burglary and theft		10,726				10,726
27. Boiler and machinery		1,033				1,033
28. Credit						
29. International						
30. Warranty						
31. Reinsurance - Nonproportional Assumed Property	XXX	534				534
32. Reinsurance - Nonproportional Assumed Liability	XXX					
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
34. Aggregate write-ins for other lines of business						
35. TOTALS	1,352,538,247	267,047,632		1,352,538,247		267,047,632
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write- ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

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

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

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

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

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	196,473	2,843,255	196,473	2,843,255	1,569,977	1,072,397	3,340,835	60.2
2. Allied lines	380,772	2,893,754	380,772	2,893,754	1,124,507	1,248,948	2,769,313	67.2
3. Farmowners multiple peril		871,494		871,494	351,644	420,349	802,789	51.5
4. Homeowners multiple peril	52,164,999	25,630,053	52,164,565	25,630,487	11,128,476	9,075,736	27,683,227	69.2
5. Commercial multiple peril		17,220,859		17,220,859	26,297,283	25,647,479	17,870,663	58.5
6. Mortgage guaranty								
8. Ocean marine		575		575	6,447	7,475	(453)	22,638.5
9. Inland marine	1,515,691	1,392,437	1,515,691	1,392,437	334,480	283,952	1,442,965	39.2
10. Financial guaranty					13	53	(40)	
11.1 Medical malpractice - occurrence		8,412		8,412	83,075	78,654	12,833	19.1
11.2 Medical malpractice - claims-made		10,703		10,703	37,622	52,548	(4,223)	(61.0)
12. Earthquake	7,781	389	7,781	389	6,368	7,690	(933)	(0.1)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health		33,179		33,179	412,606	469,228	(23,443)	(111.5)
16. Workers' compensation	3,593,794	4,740,535	3,593,794	4,740,535	31,485,679	34,396,815	1,829,399	25.8
17.1 Other liability - occurrence	1,821,280	4,524,151	1,821,280	4,524,151	19,805,048	19,472,311	4,856,888	42.3
17.2 Other liability - claims-made		1,499,169		1,499,169	2,339,288	2,713,713	1,124,744	56.7
18.1 Products liability - occurrence		159,051		159,051	674,765	623,835	209,981	74.0
18.2 Products liability - claims-made					78	7	71	
19.1,19.2 Private passenger auto liability	415,118,450	44,609,523	415,118,450	44,609,523	62,135,856	63,276,933	43,468,446	57.6
19.3,19.4 Commercial auto liability		8,303,701		8,303,701	19,974,343	16,439,154	11,838,890	64.1
21. Auto physical damage	255,605,363	31,269,559	255,605,363	31,269,559	2,048,978	1,715,460	31,603,077	58.3
22. Aircraft (all perils)		24,300		24,300	40,183	34,900	29,583	
23. Fidelity		6,627		6,627	7,997	7,016	7,608	16.8
24. Surety		1,100,758		1,100,758	4,072,811	3,097,709	2,075,860	9.9
26. Burglary and theft		428		428	1,575	1,232	771	6.5
27. Boiler and machinery					2,445	2,283	162	15.7
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - Nonproportional Assumed Property	XXX	1,056,374		1,056,374			1,056,374	197,822.8
32. Reinsurance - Nonproportional Assumed Liability	XXX				9,922,218	10,876,089	(953,871)	
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	730,404,603	148,199,286	730,404,169	148,199,720	193,863,762	191,021,964	151,041,518	54.6
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498.	Summary of remaining write-ins for Line 34 from overflow page							
3499.	Totals (Lines 3401 through 3403 + 3498) (Line 34 above)							

6

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

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	324,157	1,288,101	324,157	1,288,101	129,599	281,876	129,599	1,569,977	114,044
2. Allied lines	72,712	834,713	72,712	834,713	49,797	289,794	49,797	1,124,507	161,636
3. Farmowners multiple peril		303,258		303,258		48,386		351,644	149,869
4. Homeowners multiple peril	17,468,857	8,368,702	17,468,857	8,368,702	5,098,798	2,759,774	5,098,798	11,128,476	1,734,035
5. Commercial multiple peril		16,314,420		16,314,420	3,103	9,982,863	3,103	26,297,283	12,723,072
6. Mortgage guaranty									
8. Ocean marine		966		966		5,481		6,447	3
9. Inland marine	215,658	195,062	215,658	195,062	143,134	139,418	143,134	334,480	81,796
10. Financial guaranty						13		13	23
11.1 Medical malpractice - occurrence		53,372		53,372		29,703		83,075	29,094
11.2 Medical malpractice - claims-made		20,500		20,500		17,122		37,622	15,292
12. Earthquake		1,750		1,750	(2,453)	4,618	(2,453)	6,368	5,357
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health		434,138		434,138		(21,532)		(a) 412,606	
16. Workers' compensation	30,093,614	23,379,205	30,093,614	23,379,205	6,132,403	8,106,474	6,132,403	31,485,679	4,578,168
17.1 Other liability - occurrence	1,891,000	7,515,170	1,891,000	7,515,170	3,167,901	12,289,878	3,167,901	19,805,048	7,476,618
17.2 Other liability - claims-made		951,104		951,104		1,388,184		2,339,288	1,062,021
18.1 Products liability - occurrence		560,970		560,970	10,341	113,795	10,341	674,765	345,403
18.2 Products liability - claims-made						78		78	17
19.1,19.2 Private passenger auto liability	532,169,150	49,637,399	532,169,150	49,637,399	123,362,920	12,498,457	123,362,920	62,135,856	10,158,341
19.3,19.4 Commercial auto liability		14,343,336		14,343,336	4,798	5,631,007	4,798	19,974,343	2,948,595
21. Auto physical damage	8,487	270,890	8,487	270,890	15,719,690	1,778,088	15,719,690	2,048,978	710,526
22. Aircraft (all perils)		39,503		39,503		680		40,183	
23. Fidelity		6,410		6,410	6	1,587	6	7,997	1,282
24. Surety		(1,517,493)		(1,517,493)		5,590,304		4,072,811	2,805,701
26. Burglary and theft		29		29	507	1,546	507	1,575	839
27. Boiler and machinery						2,445		2,445	1,505
28. Credit									
29. International									
30. Warranty									
31. Reinsurance - Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance - Nonproportional Assumed Liability	XXX	6,073,423		6,073,423	XXX	3,848,795		9,922,218	88,680
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	582,243,635	129,074,928	582,243,635	129,074,928	153,820,544	64,788,834	153,820,544	193,863,762	45,191,917
3401. DETAILS OF WRITE-INS									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)									

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

10

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	29,704,653			29,704,653
1.2 Reinsurance assumed	9,627,273			9,627,273
1.3 Reinsurance ceded	29,704,653			29,704,653
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	9,627,273			9,627,273
2. Commission and brokerage:				
2.1 Direct, excluding contingent		181,924,825		181,924,825
2.2 Reinsurance assumed, excluding contingent		38,454,268		38,454,268
2.3 Reinsurance ceded, excluding contingent		181,924,825		181,924,825
2.4 Contingent-direct		9,740,985		9,740,985
2.5 Contingent-reinsurance assumed		3,767,183		3,767,183
2.6 Contingent-reinsurance ceded		9,740,985		9,740,985
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		42,221,451		42,221,451
3. Allowances to manager and agents	443,469	549,830	9	993,308
4. Advertising	16,881	772,901		789,782
5. Boards, bureaus and associations	108	596,327		596,435
6. Surveys and underwriting reports	921,722	1,922,175	62	2,843,959
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	11,507,605	13,758,200	486,284	25,752,089
8.2 Payroll taxes	838,009	956,986	4,735	1,799,730
9. Employee relations and welfare	1,648,938	2,758,296	10,054	4,417,288
10. Insurance	602,535	311,919		914,454
11. Directors' fees		81,042		81,042
12. Travel and travel items	848,754	951,848	1,674	1,802,276
13. Rent and rent items	1,460,985	1,943,088	2,694	3,406,767
14. Equipment	223,770	318,147	329	542,246
15. Cost or depreciation of EDP equipment and software	1,404,857	2,662,087	8,133	4,075,077
16. Printing and stationery	77,310	183,058	17,478	277,846
17. Postage, telephone and telegraph, exchange and express	530,421	1,245,731	671	1,776,823
18. Legal and auditing	1,634,729	3,336,647	25,278	4,996,654
19. Totals (Lines 3 to 18)	22,160,093	32,348,282	557,401	55,065,776
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$123,334		5,036,253		5,036,253
20.2 Insurance department licenses and fees		641,820		641,820
20.3 Gross guaranty association assessments		276,324		276,324
20.4 All other (excluding federal and foreign income and real estate)		3,218,316		3,218,316
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		9,172,713		9,172,713
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans		(3,295)		(3,295)
24. Aggregate write-ins for miscellaneous expenses		102,964		102,964
25. Total expenses incurred	31,787,366	83,842,115	557,401 (a)	116,186,882
26. Less unpaid expenses - current year	45,191,917	23,569,902		68,761,819
27. Add unpaid expenses - prior year	45,480,149	21,762,347		67,242,496
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	32,075,598	82,034,560	557,401	114,667,559
DETAILS OF WRITE-INS				
2401. Charitable Contributions		102,964		102,964
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		102,964		102,964

(a) Includes management fees of \$ 39,727 to affiliates and \$ 4,109 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 638,423	484,086
1.1 Bonds exempt from U.S. tax	(a) 9,093,375	9,350,971
1.2 Other bonds (unaffiliated)	(a) 8,173,135	8,009,812
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 866,852	887,874
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		1,513,822
2.21 Common stocks of affiliates	1,683,353	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 770,560	774,372
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	149,571	149,571
10. Total gross investment income	21,375,269	21,170,508
11. Investment expenses		(g) 557,401
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 14,164
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		571,565
17. Net investment income (Line 10 minus Line 16)		20,598,943
DETAILS OF WRITE-INS		
0901. Securities Lending Income	68,353	68,353
0902. Miscellaneous Interest Income	81,218	81,218
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	149,571	149,571
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		

(a) Includes \$ 640,260 accrual of discount less \$ 1,386,637 amortization of premium and less \$ 356,064 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ 12,026 amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ 270,655 accrual of discount less \$ amortization of premium and less \$ 1,841 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	(13,079)		(13,079)		
1.1 Bonds exempt from U.S. tax	1,095,310	(398,334)	696,976	(1,798,452)	
1.2 Other bonds (unaffiliated)	(3,176,086)	(1,209,944)	(4,386,030)	(1,550,439)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)		(2,664,000)	(2,664,000)	660,954	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	5,864,464	(2,917,660)	2,946,804	(28,452,290)	
2.21 Common stocks of affiliates				988,072	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	17,925	(793,894)	(775,969)		
7. Derivative instruments					
8. Other invested assets	12,600		12,600		
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	3,801,134	(7,983,832)	(4,182,698)	(30,152,155)	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)					

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).....			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income.....			
4.3 Properties held for sale			
5. Cash (Schedule-E Part 1), cash equivalents (Schedule-E Part 2) and short-term investments (Schedule DA).....			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities		186	186
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)		186	186
11. Title plants (for Title insurers only).....			
12. Investment income due and accrued	5,610		(5,610)
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	1,482,447	1,915,346	432,899
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	81,250	83,816	2,566
13.3 Accrued retrospective premiums.....	12,973	11,318	(1,655)
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset.....	10,907,922	528,636	(10,379,286)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software.....			
19. Furniture and equipment, including health care delivery assets.....			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable.....			
23. Aggregate write-ins for other than invested assets	22,407	19,846	(2,561)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	12,512,609	2,559,148	(9,953,461)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
26. Total (Lines 24 and 25)	12,512,609	2,559,148	(9,953,461)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)			
2301. Other Assets.....	2,261		(2,261)
2302. Miscellaneous Accounts Receivable.....	19,550	19,250	(300)
2303. Prepaid Expenses.....	596	596	
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	22,407	19,846	(2,561)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The state of Illinois requires insurance companies domiciled in the state of Illinois 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 Illinois Insurance Department.

There are no differences between Illinois 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.

NOTES TO FINANCIAL STATEMENTS

5. Mortgage Loans

The Company does not have any investments in mortgage loans.

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 affiliates Insurance Company of Illinois 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.

NOTES TO FINANCIAL STATEMENTS

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.

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 \$1,594,000. The impact of this change was an increase in 2008 unassigned funds (surplus) of \$1,594,000, a reduction in the reserve for unpaid losses of \$2,450,000 and a decrease in the federal income tax recoverable of \$1,594,000.

3. Business Combinations and Goodwill

A. Statutory purchase method

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

B. Statutory mergers

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

C. Impairment loss

Not Applicable

4. Discontinued Operations

The Company had no discontinued operations to report.

5. Investments

A. Mortgage loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

The Company has no reverse mortgages

NOTES TO FINANCIAL STATEMENTS

D. Loan-backed securities

1. Amortization of bond premium and discount is calculated using the effective-yield method. The retrospective-adjustment method is used to value all mortgage-backed and asset-backed securities. Using this method, anticipated prepayments are considered when determining the amortization of discount or premium for loan-backed securities.
2. Prepayment assumptions are obtained from dealer survey values or internal estimates and are consistent with the current interest rate and economic environment.
3. The Company had no negative yield situations requiring a change from the retrospective to the prospective method.

E. Repurchase Agreements

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

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

1. The Company has two investments that generate Low Income Housing Tax Credits (LIHTC). The investment in Southernside Apartments, LP has 9 remaining years of unexpired tax credits and the required holding period is 10 years. The investment in NW Apartments, LP has 9 remaining years of unexpired tax credits and the required holding period is 9 years.
2. The Company is not aware of any regulatory reviews related to the LIHTC properties.
3. The LIHTC investments do not exceed 10% of the Company's total admitted assets.
4. The Company did not recognize an impairment loss on the LIHTC investments.
5. The Company did not recognize a write-down or reclassification of the LIHTC investments during the year due to forfeiture or ineligibility of the tax credits.

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 does not accrue income for securities which are in default or where there is uncertainty regarding their ability to make future income payments.

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 \$22,000 of investment income due and accrued related to securities in default.

As of December 31, 2008, the Company non-admitted \$5,610 of investment income due and accrued over 90 days past due.

NOTES TO FINANCIAL STATEMENTS

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	24,099,172	24,939,967	(840,795)
Total of deferred tax liabilities	(2,061,352)	(12,551,331)	10,489,979
Net deferred tax asset (liability)	22,037,820	12,388,636	9,649,184
Net deferred tax asset non-admitted	(10,907,922)	(528,635)	(10,379,287)
Net admitted deferred tax asset (liability)	11,129,898	11,860,001	(730,103)

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

	2008	2007
Federal tax on operations	6,593,658	9,768,199
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	6,593,658	9,768,199
Tax on capital gains	(1,463,943)	868,285
Total income tax incurred	5,129,715	10,636,484

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)	(924,395)
Tax effect of unrealized (gains) losses	10,573,579
Total change in net deferred income tax	9,649,184

- 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 \$5,169,658 from the current year and \$11,376,287 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 \$15,000,000 in 2008. The transactions were as follows:

- On May 16, 2008, the Company declared dividends in the amount of \$5,000,000 which were paid on June 16, 2008.
- On July 28, 2008, the Company declared dividends in the amount of \$10,000,000 which were paid on September 15, 2008.

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

- On January 31, 2008, the Company loaned overnight invested funds in the amount of \$3,410,000.
- On August 31, 2008, the Company loaned overnight invested funds in the amount of \$11,635,000.
- On September 30, 2008, the Company loaned overnight invested funds in the amount of \$4,095,000.
- On October 31, 2008, the Company loaned overnight invested funds in the amount of \$6,780,000.

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

- On November 18, 2008, the Company loaned \$4,655,000. The loan remained unsettled as of December 31, 2008.

C. Change in Terms of Intercompany Arrangements

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

D. Amount due from or to Related Parties

	Due (To) From <u>12/31/2008</u>	Due (To) From <u>12/31/2007</u>
Intercompany Loan	(\$75,000)	\$0
Intercompany Reinsurance Offset	\$18,887,925	\$0
Intercompany Expense Sharing	(\$3,699,805)	\$15,168,985
Overnight Invested Funds	\$0	\$5,225,000

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.

NOTES TO FINANCIAL STATEMENTS

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 Illinois 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 \$ 39,727 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 Illinois 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 5% 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 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.

L. Investment in Downstream Holding Company

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

11. Debt

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

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

A. Defined Benefit Plans

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

B. Defined Contribution Plans

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

NOTES TO FINANCIAL STATEMENTS

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 \$1,480,518 was recognized in accordance with SSAP 89 and is reported as a component of unassigned funds(surplus). The 2007 costs included a one-time recognition of liabilities for the vesting and plan freeze changes adopted in 2007. In 2007, the prepaid cash balance plan, which was reported as a non-admitted asset, was decreased by \$33,759,000, which included a one-time curtailment loss of \$25,000,000. The Company has no legal obligation for benefits under this plan.

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

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

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

E. Postemployment Benefits and Compensated Absences

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

F. Impact of Medicare Modernization Act on Post Retirement Benefits

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

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

1. Outstanding shares

The Company has 20,000 shares of \$125.00 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

NOTES TO FINANCIAL STATEMENTS

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

The Company is restricted by the State of Illinois 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
05/16/2008	06/16/2008	\$ 5,000,000		X
07/28/2008	09/15/2008	\$ 10,000,000	X	

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

The Company may pay up to \$18,768,330 in the aggregate in 2009 without prior regulatory approval.

6. Restrictions on unassigned funds

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

7. Mutual surplus advances

The Company had no advances to surplus.

8. Company stock held for special purposes

The Company does not hold stock for special purposes.

9. Changes in special surplus funds

The Company does not hold special surplus funds.

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

Unassigned funds (surplus) was increased by \$10,591,680 of cumulative unrealized capital gains.

11. Surplus notes

The Company does not have surplus notes.

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

The Company did not have any quasi-reorganizations.

14. Contingencies

A. Contingent commitments

1. The Company has purchased annuities from life insurers under structured settlements in which the claimants are payees (see Note 26A). In cases where the Company is contingently liable if the issuers of these annuities fail to perform under the terms of the annuities, the Company does not reduce its unpaid losses.
2. The Company has commitments to invest a certain amount of capital in various Low Income Housing Tax Credit Property (LIHTC) partnerships and limited liability companies. As of December 31, 2008, the Company’s total remaining commitments related to these LIHTC partnerships and limited liability companies was \$339,853.
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.

NOTES TO FINANCIAL STATEMENTS

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 \$571,519 and a related premium tax benefit asset of \$389,523. 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 \$2,325,000. The first installment payment was made in December 2008 and the remaining installments will be paid in 2009.

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

C. Gain contingencies

Not Applicable

D. Extra Contractual Obligation and Bad Faith Losses

The Company 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	\$ 9,331,924

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 []

NOTES TO FINANCIAL STATEMENTS

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 \$2,384,247, preferred stock impairments of \$2,664,000 and common stock impairments of \$2,917,660 for investments that have experienced an other-than-temporary decline in value.

15. Leases

The Company is not involved in material lease obligations.

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

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

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

A. Transfers of receivables reported as sales

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

B. Transfers and servicing of financial assets

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

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

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 \$3,295.

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 \$17,050,000 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, Safeco Insurance Company of America and General Insurance Company of America made non-revocable, non-refundable contributions to the Safeco Insurance Foundation of highly appreciated marketable equity securities. Expenses for these contributions are subject to the intercompany pooling agreement described in Note 25. Contribution expense allocated to the Company amounted to \$3,000,000 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 \$431,000 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 \$1,952,000 for payments related to the change in control agreements.

In addition to the above expenses, the Company expensed \$2,664,000 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	34	638	237	8,432	4,570	0	0
Dec-94	2	6	3	948	282	0	0
Dec-95	11	4	5	1,049	229	0	0
Dec-96	32	13	8	766	330	0	0
Dec-97	5	26	10	1,271	347	2	0
Dec-98	<u>38</u>	<u>62</u>	<u>57</u>	<u>2,163</u>	<u>426</u>	<u>2</u>	<u>0</u>
TOTAL	122	749	320	14,630	6,184	3	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	(220)	(0)	0	0
Dec-94	0	0	0	(9)	0	0	0
Dec-95	0	0	0	(67)	0	0	0
Dec-96	0	0	0	(37)	0	0	0
Dec-97	0	0	0	(30)	0	(0)	0
Dec-98	<u>1</u>	<u>1</u>	<u>0</u>	<u>(33)</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
TOTAL	1	1	0	(396)	(0)	(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	34	638	237	8,212	4,569	0	0
Dec-94	2	6	3	939	282	0	0
Dec-95	11	4	5	983	229	0	0
Dec-96	32	13	8	729	330	0	0
Dec-97	5	26	10	1,241	347	2	0
Dec-98	<u>39</u>	<u>64</u>	<u>57</u>	<u>2,130</u>	<u>426</u>	<u>2</u>	<u>0</u>
TOTAL	123	751	320	14,234	6,183	3	0

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

	PART G SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	40	6,055	0	0	18	53	377
Dec-94	0	13	6	2	2	0	0
Dec-95	0	41	2	0	4	0	0
Dec-96	0	198	(3)	3	5	16	0
Dec-97	0	157	18	0	6	1	0
Dec-98	<u>7</u>	<u>87</u>	<u>6</u>	<u>54</u>	<u>7</u>	<u>14</u>	<u>0</u>
TOTAL	47	6,551	29	59	41	84	377

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

	PART G 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	(3)	0	0	(0)	(114)	0
Dec-94	0	(0)	0	0	0	(0)	0
Dec-95	0	(0)	0	0	0	(0)	0
Dec-96	0	(0)	0	0	0	(0)	0
Dec-97	0	(0)	0	0	0	(2)	0
Dec-98	<u>0</u>	<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>3</u>	<u>(10)</u>	<u>0</u>
TOTAL	0	(4)	(0)	0	3	(127)	0

NOTES TO FINANCIAL STATEMENTS

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

	PART G SP LIAB	PART H1 GL-Occ	PART H2 GL-cm	PART I PROP	PART J A PHYS	PART K SUR	PART L OTH
PRIOR	40	6,052	0	0	18	(61)	377
Dec-94	0	13	6	2	2	0	0
Dec-95	0	41	2	0	4	0	0
Dec-96	0	198	(3)	3	5	16	0
Dec-97	0	157	18	0	6	(2)	0
Dec-98	<u>7</u>	<u>87</u>	<u>6</u>	<u>55</u>	<u>10</u>	<u>3</u>	<u>0</u>
TOTAL	47	6,548	29	59	44	(42)	377

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	10,175	0	600	0	0	31,228
Dec-94	0	47	0	0	0	0	1,311
Dec-95	0	0	0	1	0	0	1,346
Dec-96	0	0	0	1	0	0	1,369
Dec-97	0	0	0	1	0	0	1,843
Dec-98	<u>0</u>	<u>0</u>	<u>0</u>	<u>51</u>	<u>0</u>	<u>0</u>	<u>2,975</u>
TOTAL	0	10,222	0	654	0	0	40,072

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	(338)
Dec-94	0	0	0	0	0	0	(9)
Dec-95	0	0	0	0	0	0	(67)
Dec-96	0	0	0	0	0	0	(37)
Dec-97	0	0	0	0	0	0	(32)
Dec-98	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>(0)</u>	<u>(38)</u>
TOTAL	0	0	0	(0)	0	(0)	(521)

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	10,175	0	600	0	0	30,890
Dec-94	0	47	0	0	0	0	1,302
Dec-95	0	0	0	1	0	0	1,280
Dec-96	0	0	0	1	0	0	1,331
Dec-97	0	0	0	1	0	0	1,811
Dec-98	<u>0</u>	<u>0</u>	<u>0</u>	<u>51</u>	<u>0</u>	<u>0</u>	<u>2,937</u>
TOTAL	0	10,222	0	654	0	0	39,551

D. Uncollectible premiums receivable

At December 31, 2008 and 2007, the Company had admitted assets of \$66,843,122 and \$71,127,373, 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 \$659,952. 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 \$1,576,670.

E. Business Interruption Insurance Recoveries

Not Applicable

NOTES TO FINANCIAL STATEMENTS

F. State Transferable Tax Credits

Carrying value of transferable state tax credits gross of any related state tax

1. liabilities:

Missouri	<u>\$ 6,139,473</u>
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Total unused transferable state tax credits:

Missouri	<u>\$ 6,139,473</u>
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2.

Method of estimating utilization of remaining transferable state tax credits or other projected recovery of the current carrying value: We estimate utilization of remaining transferable state tax credits using projected premiums for future years.

3. Impairment amount recognized by the reporting period: NONE

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.

<u>CUSIP</u>	<u>Issuer</u>	<u>Description</u>	<u>Book/Adjusted Carry Value</u>
060505DT8	Bank of America	Depository Shares	1,514,700
48124G104	JP Morgan	Capital Security	3,000,000

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	\$791,612	\$791,612	\$726,064	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.

NOTES TO FINANCIAL STATEMENTS

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.

Assets and liabilities related to insurance underwriting are similarly shared.

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

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

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

B. Reinsurance Recoverables in Dispute

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

C. Reinsurance Assumed and Ceded

1)	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a. Affiliates	\$ 100,978,691	\$ 14,557,712	\$ 374,942,121	\$ 50,432,052	\$ (273,963,430)	\$ (35,874,340)
b. All Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. TOTAL	\$ 100,978,691	\$ 14,557,712	\$ 374,942,121	\$ 50,432,052	\$ (273,963,430)	\$ (35,874,340)

d. Direct Unearned Premium Reserve: \$ 374,942,121

NOTES TO FINANCIAL STATEMENTS

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

		Reinsurance			
		(1) Direct	(2) Assumed	(3) Ceded	(4) Net
a.	Contingent Commission	\$ 15,026,862	\$ -	\$ -	\$ 15,026,862
b.	Sliding Scale Adjustments	-	-	-	-
c.	Other Profit Commission Arrangements	-	-	-	-
d.	TOTAL	\$ 15,026,862	\$ -	\$ -	\$ 15,026,862

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.

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements.

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any deposit type reinsurance agreements as of December 31, 2008.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method used to estimate

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

B. Method used to record

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

C. Amount and percent of net retrospective premiums

Net premiums written for 2008 on retrospective workers compensation policies was \$89,038 or 1.4% of total workers compensation net premiums written.

D. Calculation of nonadmitted accrued retrospective premiums

a.	Total accrued retro premium	\$ 129,732
b.	Unsecured amount	129,732
c.	Less: Nonadmitted amount (10%)	12,973
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount: a - c - d	<u>\$ 116,759</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 \$7.1 million. This total decrease includes loss and defense and cost containment expenses changes as follows:

- \$2.8 million reduction in surety reserves reflecting lower-than-expected number of claims.
- \$1.1 million reduction in other liability - occurrence driven primarily by favorable development of \$0.8 million due to lower-than-expected claim number in construction defect.
- \$2.9 million reduction in private passenger auto liability reserves, reflecting decreases in severity estimates primarily in accident years 2005 through 2007.
- \$1.5 million reduction in commercial multiple peril reserves. This includes a reduction in construction defect reserves of \$0.6 million reflecting lower-than-expected number of claims. The remaining decrease was due to lower-than-expected claim severity in property and liability.
- \$0.7 million reduction in other liability – claims-made due to a decrease due to lower-than-expected claim severity.
- \$1.1 million increase in commercial auto/truck liability reserves reflecting increases in severity estimates for prior accident years.

The remaining \$0.8 million increase was in a number of lines including adjusting and other payments. This increase is due to emerging claim trends and related loss data.

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:

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

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

Effective January 1, 2009, the existing Peerless Insurance Company (PIC) Amended and Restated Reinsurance Pooling Agreement was amended to add the Company as a party to the agreement. The Company's percentage in the PIC pool is 2%.

NOTES TO FINANCIAL STATEMENTS

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

		<u>NAIC</u> <u>Co. #</u>	<u>Pooling</u> <u>%</u>	<u>Lines of</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 lead company and American States Insurance Company are the only affiliates that participate in reinsurance agreements whereby risk is ceded to unaffiliated reinsurers.
- E. There are no discrepancies between entries regarding pooled business assumed and ceded reinsurance schedules of the lead company and corresponding entries on the assumed and ceded reinsurance schedules of the other participants.

NOTES TO FINANCIAL STATEMENTS

- F. The lead company and American States Insurance Company carry 100% of the Provision for Reinsurance. Any write-offs of uncollectible ceded reinsurance from unaffiliated reinsurers are applied and ceded to the participants in accordance with the provisions of the intercompany reinsurance agreement.
- G. The amounts due to/from the lead company, Safeco Insurance Company of America, and all affiliated entities participating in the intercompany pool as of December 31, 2008 were as follows:

<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 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 \$3,273,030 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 \$33,935,659 of liabilities carried at a discounted value of \$31,485,679 representing a discount of \$2,449,980.

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		\$2,449,980
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) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$1,882,131	\$3,168,089	\$4,296,994	\$5,325,579	\$5,378,914
	b. Incurred Loss and ALAE	1,686,871	1,457,300	1,442,568	676,105	1,089,905
	c. Calendar payments for Loss and ALAE	400,913	328,395	413,983	622,770	729,689
	d. Ending Reserves:	\$3,168,089	\$4,296,994	\$5,325,579	\$5,378,914	\$5,739,130
	(2) Assumed	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$5,220,182	\$5,327,725	\$5,010,348	\$4,988,088	\$6,008,900
	b. Incurred Loss and ALAE	441,074	(30,700)	282,684	1,518,742	(284,611)
	c. Calendar payments for Loss and ALAE	333,531	286,677	304,944	497,930	640,067
	d. Ending Reserves:	\$5,327,725	\$5,010,348	\$4,988,088	\$6,008,900	\$5,084,222
	(3) Net of Reinsurance	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$6,295,484	\$7,090,883	\$7,946,911	\$8,539,666	\$9,422,919
	b. Incurred Loss and ALAE	1,481,050	1,430,599	1,280,795	1,792,565	296,140
	c. Calendar payments for Loss and ALAE	685,651	574,571	688,040	909,312	814,255
	d. Ending Reserves:	\$7,090,883	\$7,946,911	\$8,539,666	\$9,422,919	\$8,904,804

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

(1) Direct	\$2,728,439
(2) Assumed	\$1,286,835
(3) Net of Reinsurance	\$3,374,087

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

(1) Direct	\$2,098,692
(2) Assumed	\$177
(3) Net of Reinsurance	\$1,691,606

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) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$ 5,328,413	\$ 5,650,310	\$ 6,437,583	\$ 6,156,311	\$ 5,020,283
	b. Incurred Loss and ALAE	965,325	1,500,206	321,907	14,165	56,372
	c. Calendar payments for Loss and ALAE	643,428	712,933	603,179	1,150,193	677,745
	d. Ending Reserves:	\$ 5,650,310	\$ 6,437,583	\$ 6,156,311	\$ 5,020,283	\$ 4,398,910
	(2) Assumed	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$ 2,365,463	\$ 2,509,758	\$ 1,663,309	\$ 1,498,514	\$ 1,469,820
	b. Incurred Loss and ALAE	192,667	(724,812)	31,546	12,888	37,421
	c. Calendar payments for Loss and ALAE	48,372	121,637	196,341	41,582	65,709
	d. Ending Reserves:	\$ 2,509,758	\$ 1,663,309	\$ 1,498,514	\$ 1,469,820	\$ 1,441,532
	(3) Net of Reinsurance	(1) <u>2004</u>	(2) <u>2005</u>	(3) <u>2006</u>	(4) <u>2007</u>	(5) <u>2008</u>
	a. Beginning reserves	\$ 7,302,854	\$ 7,732,599	\$ 7,444,765	\$ 6,719,572	\$ 5,828,931
	b. Incurred Loss and ALAE	997,035	365,119	34,043	54,833	63,441
	c. Calendar payments for Loss and ALAE	567,290	652,953	759,236	945,474	462,927
	d. Ending Reserves:	\$ 7,732,599	\$ 7,444,765	\$ 6,719,572	\$ 5,828,931	\$ 5,429,445

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

(1) Direct	\$ 2,760,911
(2) Assumed	\$ 927,365
(3) Net of Reinsurance	\$ 3,591,737

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

(1) Direct	\$ 2,037,634
(2) Assumed	\$ -
(3) Net of Reinsurance	\$ 1,987,161

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? Illinois.....
- 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).07/05/2007
- 3.4 By what department or departments? Illinois.....
- 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.....8
- 11.13 Total book/adjusted carrying value..... \$6,139,473
- 11.2 If yes, provide explanation
Partnerships that generate historic tax credits and low income housing tax credits.
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?..... Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [] No [X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

FINANCIAL

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

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..... \$
- 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..... \$17,050,377
 - 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	

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	411,599,046	392,909,188	(18,689,858)
28.2 Preferred stocks.....	11,627,132	11,565,932	(61,200)
28.3 Totals	423,226,178	404,475,120	(18,751,058)

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?.....\$1,526,532

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

1 Name	2 Amount Paid

31.1 Amount of payments for legal expenses, if any?.....\$423,089

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

1 Name	2 Amount Paid
Skadden Arps Slate Meagher & Flom LLP.....	256,794

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$51,964

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

1 Name	2 Amount Paid
American Insurance Association.....	43,570

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. \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$	\$	\$
2.2	Premium Denominator	\$276,485,812	\$	\$279,599,524
2.3	Premium Ratio (2.1/2.2)	.....		.....
2.4	Reserve Numerator	\$751,718	\$	\$828,888
2.5	Reserve Denominator	\$252,383,317	\$	\$359,942,946
2.6	Reserve Ratio (2.4/2.5)	.....0.003		.....0.002

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

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

- 3.21 Participating policies..... \$
- 3.22 Non-participating policies..... \$

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

5. For Reciprocal Exchanges Only:

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

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

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

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

5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses..... \$ 240,966
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ 8,771
 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?..... \$ 3,668
 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..... \$ 30,000
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$
 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 ILLINOIS

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)	862,673,548	876,330,835	859,202,453	877,413,049	813,534,690
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	557,433,320	554,246,613	542,477,296	576,987,863	565,765,653
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	176,931,418	149,232,862	143,299,326	145,627,366	149,345,714
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	22,547,059	19,502,583	16,390,600	13,997,375	11,659,538
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	534	55	70	716	2,352
6. Total (Line 35)	1,619,585,879	1,599,312,948	1,561,369,745	1,614,026,368	1,540,307,946
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)	111,286,267	120,854,667	121,456,506	124,981,448	119,590,056
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	67,518,357	70,200,612	72,341,096	79,146,543	77,652,735
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	65,695,415	72,249,318	70,501,547	72,572,673	74,887,273
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	22,547,059	19,502,583	16,390,600	13,997,375	11,659,538
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	534	55	70	716	2,352
12. Total (Line 35)	267,047,632	282,807,236	280,689,818	290,698,755	283,791,954
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	7,364,833	18,159,841	32,509,474	26,528,450	22,802,007
14. Net investment gain (loss) (Line 11)	17,880,191	21,592,667	22,820,994	24,313,824	31,090,259
15. Total other income (Line 15)	449,240	965,743	(12,425)	431,186	631,923
16. Dividends to policyholders (Line 17)	332,276	237,229	332,000	142,480	107,076
17. Federal and foreign income taxes incurred (Line 19)	6,593,658	9,768,199	13,892,474	15,145,032	16,687,970
18. Net income (Line 20)	18,768,330	30,712,823	41,093,569	35,985,948	37,729,143
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	640,773,622	671,062,138	664,143,852	665,020,385	542,479,691
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	24,882,764	34,066,401	30,768,248	26,201,761	6,261,980
20.2 Deferred and not yet due (Line 13.2)	41,843,600	36,959,106	41,101,806	47,869,127	49,297,359
20.3 Accrued retrospective premiums (Line 13.3)	116,759	101,866	120,661	119,921	185,603
21. Total liabilities excluding protected cell business (Page 3, Line 24)	481,173,923	485,564,153	475,461,207	491,198,864	376,101,819
22. Losses (Page 3, Line 1)	193,863,759	191,021,964	188,680,531	197,038,079	195,594,911
23. Loss adjustment expenses (Page 3, Line 3)	45,191,918	45,480,149	48,174,093	48,457,035	45,363,361
24. Unearned premiums (Page 3, Line 9)	101,009,240	110,383,940	107,103,924	107,743,912	107,651,454
25. Capital paid up (Page 3, Lines 28 & 29)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	159,599,699	185,497,985	188,682,645	173,821,521	166,377,872
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	22,098,653	32,556,078	37,088,905	63,793,812	43,378,179
Risk-Based Capital Analysis					
28. Total adjusted capital	159,599,699	185,497,985	188,682,645	173,821,521	166,377,872
29. Authorized control level risk-based capital	23,168,931	26,074,935	25,908,122	25,511,599	24,320,687
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)	69.2	69.1	73.5	79.4	79.6
31. Stocks (Lines 2.1 & 2.2)	9.6	27.5	25.7	20.4	20.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	19.9	2.1		0.0	
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)	1.3	1.3	0.7	0.2	
37. Receivables for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	32,768,072	31,780,000	30,168,000	29,100,000	27,990,000
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45	32,768,072	31,780,000	30,168,000	29,100,000	27,990,000
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	20.5	17.1	16.0	16.7	16.8

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)	(19,578,574)	4,384,423	5,029,057	(2,424,261)	(916,900)
49. Dividends to stockholders (Line 35)	(15,000,000)	(40,000,000)	(35,985,000)	(25,000,000)	(14,000,000)
50. Change in surplus as regards policyholders for the year (Line 38)	(25,898,287)	(3,184,659)	14,861,124	7,443,649	12,193,387
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)	484,388,769	543,279,706	488,348,476	449,813,544	387,138,241
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	296,105,902	297,464,317	303,760,381	298,716,823	270,505,274
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	95,912,280	69,626,069	60,843,412	63,270,065	65,443,980
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,140,564	(156,621)	1,302,157	3,426,371	1,219,078
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,056,374	694,089	(25,207)	529,534	464,151
56. Total (Line 35)	878,603,889	910,907,560	854,229,219	815,756,337	724,770,724
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)	63,855,245	73,143,766	66,635,407	65,873,585	61,733,478
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	38,399,822	38,934,741	40,759,093	41,584,716	37,090,339
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	43,747,715	33,576,458	32,022,866	31,477,809	33,139,500
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,140,564	(156,621)	1,302,157	3,426,371	1,219,078
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,056,374	694,089	(25,207)	529,534	464,151
62. Total (Line 35)	148,199,720	146,192,433	140,694,317	142,892,015	133,646,546
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)	167.3	152.5	148.8	167.2	170.6
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)	(7,788)	(7,346)	(6,974)	(5,109)	(3,415)
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)	(4.2)	(3.9)	(4.0)	(3.1)	(2.2)
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)	(11,175)	(15,406)	(6,390)	(6,496)	7,727
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(5.9)	(8.9)	(3.8)	(4.2)	6.2



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

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code 0111

BUSINESS IN THE STATE OF Consolidated

DURING THE YEAR 2008

NAIC Company Code 39012

Table with 12 columns: Line of Business, Gross Premiums, Dividends Paid, Direct Unearned Premium Reserves, Direct Losses Paid, Direct Losses Incurred, Direct Losses Unpaid, Direct Defense and Cost Containment Expense Paid, Direct Defense and Cost Containment Expense Incurred, Direct Defense and Cost Containment Expense Unpaid, Commissions and Brokerage Expenses, Taxes, Licenses and Fees. Rows include Fire, Allied lines, Multiple peril crop, Federal flood, Farmowners multiple peril, Homeowners multiple peril, Commercial multiple peril (non-liability portion), Commercial multiple peril (liability portion), Mortgage guaranty, Ocean marine, Inland marine, Financial guaranty, Medical malpractice, Earthquake, Group accident and health (b), Credit A & H (group and individual), Collectively renewable A & H (b), Non-cancelable A & H (b), Guaranteed renewable A & H (b), Non-renewable for stated reasons only (b), Other accident only, Medicare Title XVIII exempt from state taxes or fees, All other A & H (b), Federal employees health benefits program premium (b), Workers' compensation, Other liability, Excess workers' compensation, Products liability, Private passenger auto no-fault (personal injury protection), Other private passenger auto liability, Commercial auto no-fault (personal injury protection), Other commercial auto liability, Private passenger auto physical damage, Commercial auto physical damage, Aircraft (all perils), Fidelity, Surety, Burglary and theft, Boiler and machinery, Credit, Warranty, Aggregate write-ins for other lines of business, TOTALS (a), DETAILS OF WRITE-INS (3401-3403, 3498, 3499).

(a) Finance and service charges not included in Lines 1 to 35 \$ 5,635,013

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

19.GT

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

SCHEDULE F - PART 1

Assumed Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsured	4 Domiciliary Jurisdiction	5 Assumed Premium	Reinsurance On			9 Contingent Commissions Payable	10 Assumed Premiums Receivable	11 Unearned Premium	12 Funds Held By or Deposited With Reinsured Companies	13 Letters of Credit Posted	14 Amount of Assets Pledged or Compensating Balances to Secure Letters of Credit	15 Amount of Assets Pledged or Collateral Held in Trust
					6 Paid Losses and Loss Adjustment Expenses	7 Known Case Losses and LAE	8 Cols. 6 +7							
91-0742148	24740	Safeco Insurance Company of America	WA	267,048	13,328	136,558	149,886	16,727	100,979					
0199999 - Total - Affiliates - U.S. Intercompany Pooling				267,048	13,328	136,558	149,886	16,727	100,979					
0499999 - Total - Affiliates				267,048	13,328	136,558	149,886	16,727	100,979					
0599998 - Other U.S. Unaffil Insurers - Reins Col 8 < 100,000														
0699998 - Pools and Associations - Reins Col 8 < 100,000														
0799998 - Pools and Associations - Reins Col 8 < 100,000														
0999998 - Other Non-U.S. Insurers - Reins Col 8 < 100,000														
9999999 Totals				267,048	13,328	136,558	149,886	16,727	100,979					

SCHEDULE F - PART 2

Premium Portfolio Reinsurance Effectuated or (Canceled) during Current Year

1 Federal ID Number	2 NAIC Company Code	3 Name of Company	4 Date of Contract	5 Original Premium	6 Reinsurance Premium
NONE					

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

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17]	19 Funds Held By Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
91-0742148	24740	Safeco Insurance Company of America	WA		1,352,538	61,875	2,605	582,244	17,668	153,821	95,293	374,942		1,288,448	86,766		1,201,682		
0199999 - Authorized - Affiliates - U.S. Intercompany Pooling					1,352,538	61,875	2,605	582,244	17,668	153,821	95,293	374,942		1,288,448	86,766		1,201,682		
0499999 - Total - Authorized - Affiliates					1,352,538	61,875	2,605	582,244	17,668	153,821	95,293	374,942		1,288,448	86,766		1,201,682		
0599998 - Other U.S. Unaffil Insurers (Under \$100,000)																			
0899998 - Authorized - Other Non-U.S. Insurers (Under \$100,000)																			
0999999 - Total - Authorized					1,352,538	61,875	2,605	582,244	17,668	153,821	95,293	374,942		1,288,448	86,766		1,201,682		
1399999 - Total - Unauthorized - Affiliates																			
1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000)																			
1799998 - Unauthorized - Other Non-U.S. Insurers (Under \$100,000)																			
1899999 - Total - Unauthorized																			
1999999 - Total - Authorized and Unauthorized					1,352,538	61,875	2,605	582,244	17,668	153,821	95,293	374,942		1,288,448	86,766		1,201,682		
2099999 - Total - Protected Cells																			
9999999 Totals					1,352,538	61,875	2,605	582,244	17,668	153,821	95,293	374,942		1,288,448	86,766		1,201,682		

NOTE: Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

	1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
1.		
2.		
3.		
4.		
5.		

Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15), the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

	1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
1.	Safeco Insurance Company of America.....	1,288,448	1,352,538	Yes [X] No []
2.			Yes [] No []
3.			Yes [] No []
4.			Yes [] No []
5.			Yes [] No []

22

Schedule F - Part 5

NONE

Schedule F - Part 6

NONE

Schedule F - Part 7

NONE

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
<u>ASSETS</u> (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	462,363,893		462,363,893
2. Premiums and considerations (Line 13)	66,843,123	242,060,819	308,903,942
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 14.1)	64,479,263	(64,479,263)	
4. Funds held by or deposited with reinsured companies (Line 14.2)			
5. Other assets	47,087,343	2,951,812	50,039,155
6. Net amount recoverable from reinsurers		1,059,850,298	1,059,850,298
7. Protected cell assets (Line 25)			
8. Totals (Line 26)	640,773,622	1,240,383,666	1,881,157,288
<u>LIABILITIES</u> (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	252,383,317	835,779,719	1,088,163,036
10. Taxes, expenses, and other obligations (Lines 4 through 8)	23,569,902	114,947,094	138,516,996
11. Unearned premiums (Line 9)	101,009,240	374,712,488	475,721,728
12. Advance Premiums (Line 10)	1,586,940	7,664,894	9,251,834
13. Dividends declared and unpaid (Line 11.1 and 11.2)	328,028	(491,497)	(163,469)
14. Ceded reinsurance premiums payable (net of ceded commissions) (Line 12)	86,766,402	(86,766,402)	
15. Funds held by company under reinsurance treaties (Line 13)			
16. Amounts withheld or retained by company for account of others (Line 14)	900,321	4,389,103	5,289,424
17. Provision for reinsurance (Line 16)			
18. Other liabilities	14,629,773	(9,851,733)	4,778,040
19. Total liabilities excluding protected cell business (Line 24)	481,173,923	1,240,383,666	1,721,557,589
20. Protected cell liabilities (Line 25)			
21. Surplus as regards policyholders (Line 35)	159,599,699	X X X	159,599,699
22. Totals (Line 36)	640,773,622	1,240,383,666	1,881,157,288

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements? Yes [X] No []

If yes, give full explanation:

The restatement adjustments result entirely from the intercompany pooling agreement as outlined in notes to the financial statements.....

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

SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT

	Total		Group Accident and Health		Credit Accident and Health (Group and Individual)		Collectively Renewable		Other Individual Contracts									
									Non-Cancelable		Guaranteed Renewable		Non-Renewable for Stated Reasons Only		Other Accident Only		All Other	
	1 Amount	2 %	3 Amount	4 %	5 Amount	6 %	7 Amount	8 %	9 Amount	10 %	11 Amount	12 %	13 Amount	14 %	15 Amount	16 %	17 Amount	18 %
PART 1 - ANALYSIS OF UNDERWRITING OPERATIONS																		
1. Premiums written	475	XXX		XXX		XXX		XXX		XXX	475	XXX		XXX		XXX		XXX
2. Premiums earned	21,023	XXX		XXX		XXX		XXX		XXX	21,023	XXX		XXX		XXX		XXX
3. Incurred claims	(23,444)	(111.5)									5,613	26.7						(29,057)
4. Cost containment expenses																		
5. Incurred claims and cost containment expenses (Lines 3 and 4)	(23,444)	(111.5)									5,613	26.7						(29,057)
6. Increase in contract reserves																		
7. Commissions (a)	(69)	(0.3)									(69)	(0.3)						
8. Other general insurance expenses	1,923	9.1									1,923	9.1						
9. Taxes, licenses and fees	(3)	(0.0)									(3)	(0.0)						
10. Total other expenses incurred	1,851	8.8									1,851	8.8						
11. Aggregate write-ins for deductions																		
12. Gain from underwriting before dividends or refunds	42,616	202.7									13,559	64.5						29,057
13. Dividends or refunds																		
14. Gain from underwriting after dividends or refunds	42,616	202.7									13,559	64.5						29,057
DETAILS OF WRITE-INS																		
1101.																		
1102.																		
1103.																		
1198. Summary of remaining write-ins for Line 11 from overflow page																		
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)																		

(a) Includes \$ reported as "Contract, membership and other fees retained by agents."

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

SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT (Continued)

	1	2	3	4	Other Individual Contracts				
					5	6	7	8	9
	Total	Group Accident and Health	Credit Accident and Health (Group and Individual)	Collectively Renewable	Non-Cancelable	Guaranteed Renewable	Non-Renewable for Stated Reasons Only	Other Accident Only	All Other
PART 2 - RESERVES AND LIABILITIES									
A. Premium Reserves:									
1. Unearned premiums	339,112					339,112			
2. Advance premiums									
3. Reserve for rate credits									
4. Total premium reserves, current year	339,112					339,112			
5. Total premium reserves, prior year	359,660					359,660			
6. Increase in total premium reserves	(20,548)					(20,548)			
B. Contract Reserves:									
1. Additional reserves (a)									
2. Reserve for future contingent benefits									
3. Total contract reserves, current year									
4. Total contract reserves, prior year									
5. Increase in contract reserves									
C. Claim Reserves and Liabilities:									
1. Total current year	412,606					57,537			355,069
2. Total prior year	469,228					66,867			402,361
3. Increase	(56,622)					(9,330)			(47,292)

PART 3 - TEST OF PRIOR YEAR'S CLAIM RESERVES AND LIABILITIES									
1. Claims paid during the year:									
1.1 On claims incurred prior to current year									
1.2 On claims incurred during current year	33,178					14,943			18,235
2. Claim reserves and liabilities, December 31, current year:									
2.1 On claims incurred prior to current year	469,228					66,867			402,361
2.2 On claims incurred during current year	(56,622)					(9,330)			(47,292)
3. Test:									
3.1 Line 1.1 and 2.1	469,228					66,867			402,361
3.2 Claim reserves and liabilities, December 31, prior year	469,228					66,867			402,361
3.3 Line 3.1 minus Line 3.2									

PART 4 - REINSURANCE									
A. Reinsurance Assumed:									
1. Premiums written	475					475			
2. Premiums earned	21,022					21,022			
3. Incurred claims	(23,447)					5,610			(29,057)
4. Commissions	(69)					(69)			
B. Reinsurance Ceded:									
1. Premiums written									
2. Premiums earned									
3. Incurred claims									
4. Commissions									

(a) Includes \$ premium deficiency reserve

SCHEDULE H - PART 5 - HEALTH CLAIMS

	1 Medical	2 Dental	3 Other	4 Total
A. Direct:				
1. Incurred Claims.....				
2. Beginning claim reserves and liabilities.....				
3. Ending claim reserves and liabilities.....				
4. Claims paid.....				
B. Assumed Reinsurance:				
5. Incurred Claims.....				
6. Beginning claim reserves and liabilities.....				
7. Ending claim reserves and liabilities.....				
8. Claims paid.....				
C. Ceded Reinsurance:				
9. Incurred Claims.....				
10. Beginning claim reserves and liabilities.....				
11. Ending claim reserves and liabilities.....				
12. Claims paid.....				
D. Net:				
13. Incurred Claims.....				
14. Beginning claim reserves and liabilities.....				
15. Ending claim reserves and liabilities.....				
16. Claims paid.....				
E. Net Incurred Claims and Containment Expenses:				
17. Incurred claims and containment expenses.....				
18. Beginning reserves and liabilities.....				
19. Ending reserves and liabilities.....				
20. Paid claims and cost containment expenses				

NONE

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

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			
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
1. Prior	XXX	XXX	XXX	5,855	2,454	1,387	620	381	29	4,550	XXX	
2. 1999	227,064	8,220	218,844	152,379	2,572	9,970	52	18,047	7,857	177,771	XXX	
3. 2000	235,722	8,151	227,571	159,858	2,381	9,711	272	17,963	8,894	184,880	XXX	
4. 2001	231,212	7,574	223,638	148,208	2,979	10,240	425	19,215	7,874	174,259	XXX	
5. 2002	232,284	6,220	226,064	124,359	1,656	9,198	310	19,826	8,627	151,417	XXX	
6. 2003	252,295	7,207	245,088	121,794	1,348	7,712	144	20,758	8,399	148,772	XXX	
7. 2004	283,181	6,729	276,452	137,058	1,211	7,501	87	21,267	11,564	164,527	XXX	
8. 2005	297,256	6,568	290,689	134,141	1,814	6,405	149	21,395	10,421	159,977	XXX	
9. 2006	292,722	11,472	281,250	123,155	1,416	4,065	491	20,196	9,395	145,510	XXX	
10. 2007	298,243	18,643	279,600	114,777	2,849	2,509	411	19,194	9,283	133,221	XXX	
11. 2008	288,479	11,994	276,486	87,483	1,319	944	163	18,027	5,164	104,972	XXX	
12. Totals	XXX	XXX	XXX	1,309,068	22,000	69,642	3,124	196,269	87,508	1,549,855	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					
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
1.	29,793	9,635	14,463	3,394	2,296	292	3,654	223	2,890	521	39,551	XXX	
2.	2,250	235	1,522	244	176		381	(3)	321	52	4,174	XXX	
3.	2,870	475	1,520	322	158	1	731	129	358	144	4,711	XXX	
4.	3,135	415	1,283	265	221	17	675	1	332	153	4,948	XXX	
5.	2,714	152	1,062	106	279	4	637	2	210	79	4,638	XXX	
6.	2,322	149	1,046	60	227	2	769	(0)	203	230	4,356	XXX	
7.	3,213	527	1,372	2	494	0	1,098	(1)	226	1,672	5,874	XXX	
8.	7,908	100	1,919	(83)	833	1	1,731	(1)	310	722	12,686	XXX	
9.	16,539	385	3,459	70	1,299	1	3,099	2	399	1,166	24,337	XXX	
10.	28,248	284	10,645	285	1,169	0	5,978	53	916	3,841	46,334	XXX	
11.	43,120	682	31,732	569	651	2	8,903	53	4,345	8,831	87,445	XXX	
12. Totals	142,112	13,037	70,022	5,233	7,802	320	27,656	457	10,510	17,411	239,056	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		
												Loss and Loss Expense Percentage (Incurred/Premiums Earned)	
												Loss and Loss Expense Percentage (Incurred/Premiums Earned)	
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	31,227	8,324		
2.	185,045	3,100	181,945	81.5	37.7	83.1				3,293	881		
3.	193,170	3,580	189,591	81.9	43.9	83.3				3,593	1,118		
4.	183,309	4,102	179,207	79.3	54.2	80.1				3,738	1,210		
5.	158,285	2,230	156,055	68.1	35.8	69.0				3,518	1,120		
6.	154,830	1,702	153,128	61.4	23.6	62.5				3,159	1,197		
7.	172,228	1,827	170,401	60.8	27.2	61.6				4,056	1,818		
8.	174,642	1,979	172,663	58.8	30.1	59.4				9,811	2,875		
9.	172,213	2,366	169,847	58.8	20.6	60.4				19,543	4,795		
10.	183,437	3,881	179,555	61.5	20.8	64.2				38,324	8,010		
11.	195,205	2,788	192,417	67.7	23.2	69.6				73,601	13,844		
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	193,864	45,192		

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 ILLINOIS

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	129,538	130,530	137,116	138,294	143,752	144,387	147,603	150,842	151,019	152,131	1,112	1,289
2. 1999	149,680	156,165	160,527	161,357	164,046	163,575	163,705	164,109	163,595	163,577	(18)	(532)
3. 2000	XXX	163,175	169,191	170,938	173,129	172,659	172,710	172,124	171,577	171,269	(308)	(855)
4. 2001	XXX	XXX	160,781	160,542	160,211	160,858	161,210	160,574	159,919	159,660	(259)	(914)
5. 2002	XXX	XXX	XXX	142,828	142,079	140,207	137,011	136,351	136,018	136,019	1	(332)
6. 2003	XXX	XXX	XXX	XXX	139,456	137,572	133,937	132,967	132,739	132,168	(571)	(800)
7. 2004	XXX	XXX	XXX	XXX	XXX	154,967	152,939	150,867	149,537	148,908	(628)	(1,959)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	162,222	156,529	151,527	150,958	(569)	(5,571)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	150,755	151,841	149,252	(2,589)	(1,503)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	163,404	159,445	(3,959)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	170,045	XXX	XXX
12. Totals											(7,788)	(11,175)

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	37,151	59,876	75,793	86,283	93,314	98,912	104,137	108,852	113,020	XXX	XXX
2. 1999	82,816	117,170	134,213	144,713	151,123	154,477	156,835	158,235	159,105	159,724	XXX	XXX
3. 2000	XXX	89,442	126,209	143,588	154,269	160,126	163,799	165,131	166,278	166,917	XXX	XXX
4. 2001	XXX	XXX	84,335	118,778	134,887	144,110	149,722	152,520	154,023	155,044	XXX	XXX
5. 2002	XXX	XXX	XXX	71,815	102,163	115,380	123,728	127,674	130,191	131,591	XXX	XXX
6. 2003	XXX	XXX	XXX	XXX	71,328	99,639	113,335	121,209	126,108	128,014	XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX	77,581	113,564	129,965	138,914	143,260	XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	78,656	112,957	129,020	138,582	XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	77,906	112,516	125,313	XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	80,266	114,027	XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	86,945	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	54,956	42,916	35,838	29,316	29,447	22,193	21,492	20,288	17,557	16,949
2. 1999	24,937	10,107	5,456	3,383	3,026	2,685	2,288	2,312	1,768	1,662
3. 2000	XXX	28,770	10,779	5,066	4,387	3,264	3,247	2,740	2,311	1,800
4. 2001	XXX	XXX	32,804	11,284	5,754	3,897	3,608	2,959	2,030	1,692
5. 2002	XXX	XXX	XXX	34,623	15,584	8,818	4,231	2,649	1,945	1,590
6. 2003	XXX	XXX	XXX	XXX	34,122	14,156	5,787	3,587	2,357	1,755
7. 2004	XXX	XXX	XXX	XXX	XXX	38,305	13,304	7,010	3,641	2,469
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	41,763	16,618	5,909	3,735
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,194	11,910	6,486
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	35,045	16,285
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,014

SCHEDULE P - PART 1A - HOMEOWNERS/FARMOWNERS

(\$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	33	2	20		5		1	56	XXX
2. 1999	37,576	709	36,867	25,312	0	853		2,150		335	28,315	7,786
3. 2000	38,980	932	38,049	29,634	12	741	1	2,250		567	32,611	6,535
4. 2001	39,647	997	38,651	33,467	51	1,156	2	2,447		521	37,017	6,506
5. 2002	40,399	899	39,500	23,058	82	1,046	16	2,551		507	26,559	4,338
6. 2003	41,229	1,046	40,183	19,763	2	712	0	2,446		290	22,919	3,259
7. 2004	41,582	819	40,763	18,785	70	535		3,269		334	22,519	2,495
8. 2005	41,049	848	40,200	16,190	150	541	1	3,089		358	19,670	2,172
9. 2006	39,894	502	39,391	18,053	9	400		3,108		337	21,552	2,544
10. 2007	40,366	481	39,885	18,541		309		2,752		184	21,602	2,279
11. 2008	42,215	651	41,564	20,440		194		3,258		41	23,892	2,999
12. Totals	XXX	XXX	XXX	223,275	376	6,509	20	27,324		3,474	256,712	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.	107	5	2	(1)	16		1		1		(1)	123	3
2.	57		4		1		1		2		(0)	66	1
3.	31	3	11		0		2		3		(1)	44	1
4.	26	1	64	46	5		3	1	4		(4)	53	1
5.	82		30		18		5		4		(20)	138	1
6.	68		39		26		14		4		(23)	151	1
7.	118	0	41	0	14		22		4		(25)	199	3
8.	391	31	52	(0)	55		53		5		(29)	525	6
9.	557	6	57	(1)	63		133		19		(34)	826	12
10.	1,681		62	0	61		298		83		66	2,185	38
11.	5,600		2,448	(42)	55		440	(1)	469		325	9,055	522
12.	8,718	47	2,810	2	314		971		599		253	13,364	590

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	105	18
2.	28,380	0	28,380	75.5	0.0	77.0			5.0	61	5
3.	32,672	16	32,656	83.8	1.8	85.8			5.0	39	6
4.	37,171	101	37,071	93.8	10.1	95.9			5.0	43	11
5.	26,794	97	26,697	66.3	10.8	67.6			5.0	112	26
6.	23,072	2	23,070	56.0	0.2	57.4			5.0	107	44
7.	22,788	70	22,718	54.8	8.5	55.7			5.0	158	40
8.	20,377	182	20,195	49.6	21.5	50.2			5.0	412	113
9.	22,391	13	22,378	56.1	2.7	56.8			5.0	610	216
10.	23,787	0	23,787	58.9	0.0	59.6			5.0	1,743	442
11.	32,904	(43)	32,947	77.9	(6.5)	79.3			5.0	8,090	965
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	11,480	1,884

SCHEDULE P - PART 1B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

(\$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	236	193	7	0	1		4	50	XXX
2. 1999	49,913	47	49,866	37,021	70	1,882	1	4,391		913	43,222	11,612
3. 2000	48,549	27	48,522	37,907	248	2,146	3	4,518		900	44,321	10,542
4. 2001	49,668	62	49,606	35,582	113	2,014	3	4,816		890	42,295	9,698
5. 2002	55,878	136	55,742	38,157	53	2,336	2	5,625		930	46,063	10,104
6. 2003	66,618	146	66,471	42,434	37	2,721	3	6,893		1,157	52,009	10,921
7. 2004	80,617	280	80,337	47,260	165	2,727	48	6,667		1,283	56,441	10,553
8. 2005	87,962	592	87,370	48,819	281	2,414		7,089		1,288	58,041	11,052
9. 2006	85,315	610	84,704	44,091	335	1,495	43	6,699		1,213	51,906	10,213
10. 2007	81,539	581	80,958	35,648	241	738	43	6,396		918	42,498	9,686
11. 2008	75,899	417	75,482	17,312	116	212	39	5,164		339	22,533	7,333
12. Totals	XXX	XXX	XXX	384,466	1,851	18,692	185	58,258		9,835	459,379	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.	3,858	3,117	2	1	3	0	5	(0)	0		(1)	751	7
2.	97	15	6	(1)	4		2		2		(1)	97	2
3.	297	221	17	0	5		19		3		(0)	120	3
4.	225	41	23	3	11		26		3		(2)	244	4
5.	257	9	43	15	19		38		5		(1)	338	5
6.	597	6	41	1	56		84		6		12	778	12
7.	2,047	515	10	(49)	132		175		7		42	1,905	33
8.	3,398	9	64	(52)	308		497		14		92	4,324	81
9.	8,262	315	487	(6)	564		1,105	(11)	34		230	10,154	210
10.	15,424	254	2,886	69	452		1,877	5	231		529	20,542	529
11.	20,033	354	8,920	20	204		2,442	6	1,823		1,035	33,042	1,301
12.	54,494	4,856	12,498	0	1,759	0	6,269		2,130		1,936	72,294	2,187

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	742	9
2.	43,405	86	43,319	87.0	180.5	86.9			5.0	89	8
3.	44,912	471	44,441	92.5	1,730.5	91.6			5.0	93	27
4.	42,699	160	42,539	86.0	256.8	85.8			5.0	204	40
5.	46,481	79	46,401	83.2	58.6	83.2			5.0	276	62
6.	52,833	46	52,787	79.3	31.2	79.4			5.0	632	146
7.	59,024	679	58,345	73.2	242.2	72.6			5.0	1,590	315
8.	62,603	237	62,365	71.2	40.1	71.4			5.0	3,505	819
9.	62,736	676	62,060	73.5	110.8	73.3			5.0	8,441	1,714
10.	63,651	611	63,040	78.1	105.2	77.9			5.0	17,987	2,555
11.	56,110	536	55,574	73.9	128.6	73.6			5.0	28,578	4,463
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	62,136	10,158

SCHEDULE P - PART 1C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

(\$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	43	1	14	0	2	0	58	XXX	
2. 1999	14,494	74	14,420	11,302	3	790	1	1,507	156	13,596	1,936	
3. 2000	15,817	72	15,745	11,437	45	790	4	1,286	182	13,464	1,927	
4. 2001	14,258	71	14,188	8,116	123	608	20	1,434	133	10,015	1,455	
5. 2002	13,259	63	13,196	6,447	1	485	0	1,332	82	8,264	1,058	
6. 2003	13,731	67	13,664	6,024	25	533	2	1,320	49	7,850	984	
7. 2004	15,407	107	15,300	6,404	18	498	0	973	60	7,858	757	
8. 2005	16,253	98	16,156	6,846	36	710	0	855	90	8,375	788	
9. 2006	17,278	(58)	17,336	5,720	17	309		786	85	6,798	830	
10. 2007	18,817	62	18,755	4,755	18	158		819	101	5,713	887	
11. 2008	18,519	37	18,482	2,066		40		747	43	2,853	704	
12. Totals	XXX	XXX	XXX	69,159	286	4,936	27	11,062	983	84,844	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.	290	40	51	0	10		9				(0)	320	4
2.	3	2	5		1		7		0			14	0
3.	34		13		2		11		0			60	1
4.	48		6		11		33		1			100	1
5.	127	0	20		2		16		1		(0)	165	1
6.	152		16		13		12		1		(0)	194	2
7.	449	8	40		32		30		2		(2)	545	4
8.	1,059	2	97		78		59		7		4	1,297	11
9.	2,676	0	242		143		237		22		12	3,319	30
10.	4,412	8	1,542		130		612		65		27	6,752	78
11.	5,155	1	3,599		54		839		229		55	9,875	188
12.	14,404	61	5,631	0	475		1,865		327		97	22,641	321

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	301	20
2.	13,614	5	13,609	93.9	6.6	94.4			5.0	6	8
3.	13,573	50	13,524	85.8	68.5	85.9			5.0	47	13
4.	10,258	143	10,115	71.9	202.2	71.3			5.0	55	45
5.	8,430	1	8,429	63.6	1.5	63.9			5.0	147	18
6.	8,071	27	8,044	58.8	40.7	58.9			5.0	168	26
7.	8,428	26	8,403	54.7	24.0	54.9			5.0	480	65
8.	9,711	38	9,672	59.7	39.1	59.9			5.0	1,154	144
9.	10,135	18	10,117	58.7	(30.0)	58.4			5.0	2,918	402
10.	12,492	26	12,466	66.4	42.5	66.5			5.0	5,946	806
11.	12,728	1	12,728	68.7	1.5	68.9			5.0	8,753	1,122
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	19,974	2,667

SCHEDULE P - PART 1D - WORKERS' COMPENSATION

(\$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	1,037	156	72	3	116		8	1,067	XXX
2. 1999	17,286	147	17,139	16,621	205	1,174	2	2,087		1,151	19,675	3,173
3. 2000	19,937	161	19,776	16,457	17	1,186	1	2,180		1,078	19,806	3,150
4. 2001	16,389	158	16,231	11,264	199	792		2,190		691	14,047	2,004
5. 2002	9,253	323	8,930	4,988		477		1,641		109	7,105	1,458
6. 2003	7,569	280	7,289	3,514		284		806		81	4,605	797
7. 2004	8,104	264	7,841	2,470		232		813		72	3,516	378
8. 2005	8,131	298	7,833	2,052		172		652		40	2,876	350
9. 2006	7,399	301	7,098	2,041		121		551		24	2,713	333
10. 2007	7,694	251	7,444	1,779		81		535		21	2,394	348
11. 2008	7,313	226	7,087	848		22		396		11	1,266	303
12. Totals	XXX	XXX	XXX	63,071	577	4,615	6	11,967		3,286	79,070	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.	12,796	3,264	5,104	1,855	85	4	125		1,247		396	14,234	169
2.	1,807	222	1,137	248	31		77		196		29	2,780	16
3.	2,149	250	1,007	279	38	1	117		241		126	3,022	20
4.	2,188	290	787	211	39	0	111	0	224		129	2,846	19
5.	849		498	90	18		74		103		16	1,453	11
6.	981	116	331	53	18	1	58		74		10	1,292	9
7.	614		367	33	19		59		67		19	1,091	11
8.	889		191	32	34		64		93		18	1,238	15
9.	1,268		169	44	43		103		114		39	1,654	20
10.	1,875		375	58	70		162		197		54	2,620	39
11.	2,105		1,166	120	59		268	3	358		44	3,834	109
12.	27,521	4,142	11,131	3,025	455	6	1,219	3	2,914		880	36,064	438

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	12,782	1,452
2.	23,132	677	22,454	133.8	460.6	131.0			5.0	2,474	305
3.	23,376	548	22,828	117.3	340.8	115.4			5.0	2,627	395
4.	17,594	701	16,893	107.4	443.4	104.1			5.0	2,473	374
5.	8,649	90	8,558	93.5	28.0	95.8			5.0	1,257	196
6.	6,066	169	5,897	80.1	60.6	80.9			5.0	1,143	149
7.	4,641	33	4,608	57.3	12.6	58.8			5.0	947	144
8.	4,146	32	4,114	51.0	10.9	52.5			5.0	1,047	191
9.	4,410	44	4,367	59.6	14.5	61.5			5.0	1,393	261
10.	5,073	58	5,015	65.9	23.3	67.4			5.0	2,192	429
11.	5,223	122	5,100	71.4	54.3	72.0			5.0	3,152	682
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	31,486	4,578

SCHEDULE P - PART 1E - COMMERCIAL MULTIPLE PERIL

(\$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	552	3	449	4	99		4	1,093	XXX
2. 1999	30,437	617	29,820	20,207	341	2,834	6	1,939		439	24,634	3,436
3. 2000	31,851	640	31,212	20,148	463	2,293	8	1,916		444	23,886	3,358
4. 2001	29,260	653	28,608	16,769	431	2,269	24	1,767		438	20,350	2,807
5. 2002	27,266	751	26,516	10,742	24	1,630		1,769		424	14,117	1,980
6. 2003	29,222	765	28,457	11,135	436	1,496	3	2,020		230	14,212	1,685
7. 2004	33,958	951	33,007	14,730	167	1,629		1,945		361	18,137	1,168
8. 2005	34,678	956	33,722	12,396	178	1,237	1	1,766		348	15,219	1,034
9. 2006	32,795	981	31,814	9,616	142	838		1,560		305	11,871	942
10. 2007	32,823	1,062	31,761	9,059	201	483		1,408		210	10,748	923
11. 2008	31,799	1,250	30,549	9,896	223	151	0	1,397		74	11,220	901
12. Totals	XXX	XXX	XXX	135,250	2,611	15,309	46	17,586		3,278	165,488	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.	2,006	272	1,594	257	833	78	1,969	255	645		0	6,183	46
2.	246	0	218		103		183		75		0	824	4
3.	204		308		65		312		76		(0)	964	4
4.	334	25	282		92		311		75		1	1,068	4
5.	236		286		87		266		55		(2)	929	4
6.	373		341		82		340		66		2	1,201	6
7.	895	1	362		213		349		73		(10)	1,891	12
8.	1,348	12	555		227		627		72		2	2,817	20
9.	2,044	0	689		339		824		82		6	3,978	30
10.	3,429	21	1,538	12	300		1,558		143		24	6,935	62
11.	5,697	164	4,331	250	99		2,095		427		40	12,235	212
12.	16,811	496	10,502	519	2,439	78	8,833	255	1,788		64	39,024	406

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	3,071	3,112
2.	25,805	347	25,458	84.8	56.1	85.4			5.0	464	360
3.	25,322	471	24,850	79.5	73.7	79.6			5.0	512	452
4.	21,898	480	21,418	74.8	73.6	74.9			5.0	591	477
5.	15,070	24	15,046	55.3	3.3	56.7			5.0	521	407
6.	15,852	440	15,413	54.2	57.5	54.2			5.0	713	488
7.	20,197	169	20,028	59.5	17.7	60.7			5.0	1,256	635
8.	18,228	191	18,037	52.6	20.0	53.5			5.0	1,891	926
9.	15,992	143	15,849	48.8	14.6	49.8			5.0	2,733	1,246
10.	17,918	235	17,683	54.6	22.1	55.7			5.0	4,933	2,002
11.	24,092	637	23,455	75.8	51.0	76.8			5.0	9,613	2,621
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	26,297	12,727

SCHEDULE P - PART 1F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

(\$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									XXX	
2. 1999	35	0	34	43		33		1				78	1
3. 2000	45	0	45	19		31		2				52	1
4. 2001	47	0	47	43		12		4				59	1
5. 2002	64	0	64	36		7		2				45	0
6. 2003	72		72	5		5		0				10	0
7. 2004	91		91	3		4		0				7	0
8. 2005	91		91										
9. 2006	109		109	52		15						67	0
10. 2007	98		98					0				0	0
11. 2008	67		67	0		1						1	0
12. Totals	XXX	XXX	XXX	201		109		10				320	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.			2	0			1	0	0		0	3	
2.			0				0		0		0	0	
3.			0				1	1	0		0	1	
4.			0				1		0		0	1	
5.			0				1		0		0	1	
6.	4		1		1		1		0		0	7	0
7.	1		1		0		2		0		0	5	0
8.			2				1		0		0	3	
9.			3				6		0		0	10	
10.			8				7		0		0	15	
11.	48		11				7		0		0	66	0
12.	53		30	0	1		28	1	1		0	112	0

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	2	1
2.	78		78	225.3		226.9			5.0	0	0
3.	54	1	53	118.9	243.6	117.8			5.0	0	0
4.	60		60	127.8		128.8			5.0	0	1
5.	46		46	71.6		71.7			5.0	0	1
6.	17		17	23.5		23.5			5.0	5	2
7.	11		11	12.1		12.1			5.0	2	2
8.	3		3	3.5		3.5			5.0	2	2
9.	77		77	70.5		70.5			5.0	3	6
10.	15		15	15.8		15.8			5.0	8	7
11.	68		68	100.8		100.8			5.0	59	7
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	83	29

SCHEDULE P - PART 1F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

(\$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								XXX	
2. 1999	602	14	588	203		218		46		1	467	18
3. 2000	774	15	759	271		270		50		2	591	25
4. 2001	942	17	925	415		315		83		2	812	30
5. 2002	588	7	580	295		304		127		0	726	30
6. 2003	17	0	17	124		65		14		1	202	4
7. 2004	34	0	34	9		12		0		0	22	1
8. 2005	11		11	9		7		1		0	18	1
9. 2006	16		16			4		0			4	0
10. 2007	14		14									
11. 2008	7		7									
12. Totals	XXX	XXX	XXX	1,326		1,194		322		7	2,842	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.													
2.													
3.					0		0	0				0	0
4.	1		0		1		0	0				2	0
5.	6		1		2		1	0				10	0
6.	14		3		3		2	0				22	0
7.													
8.					0		0	0				0	0
9.													
10.			1				1	0				2	0
11.			11				6	0				17	0
12.	21		17		6		9	0				53	0

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.	467		467	77.6		79.5			5.0		
3.	591		591	76.4		77.9			5.0		0
4.	815		815	86.5		88.1			5.0	2	1
5.	736		736	125.2		126.7			5.0	7	3
6.	224		224	1,338.3		1,340.2			5.0	17	5
7.	22		22	64.7		64.8			5.0		
8.	18		18	160.3		160.3			5.0		0
9.	4		4	23.7		23.7			5.0		
10.	2		2	13.0		13.0			5.0	1	1
11.	17		17	243.1		243.1			5.0	11	6
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	38	15

SCHEDULE P - PART 1G - SPECIAL LIABILITY (OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	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				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	2	(23)	3	1				28	XXX
2. 1999	541	226	315	69		1		9		0	79	XXX
3. 2000	321	20	302	79	0	0		12		0	91	XXX
4. 2001	283	283	0	72	72			14			15	XXX
5. 2002	193	193	(0)	39	39			1			1	XXX
6. 2003	242	202	40	6	6			1			1	XXX
7. 2004	30	23	8	2	2			1			1	XXX
8. 2005	36	36	0	5	5			0			0	XXX
9. 2006	44	44	0	3	3			0			0	XXX
10. 2007	54	52	2	16	16			0			0	XXX
11. 2008	60	59	1	4	4			0			0	XXX
12. Totals	XXX	XXX	XXX	297	124	4	1	39		0	216	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.	110	69	6				0	0	0	(0)	47	0	
2.			0				0	0	0	(0)	0	0	
3.			0				0	0	0	0	0	0	
4.			0				0	0	0	0	0	0	
5.			0				0	0	0	(0)	0	0	
6.			0				0	0	0	(0)	0	0	
7.			0				0	0	0	0	0	0	
8.			0				0	0	0	0	0	0	
9.			0				0	0	0	(0)	0	0	
10.			0				0	0	0	(0)	0	0	
11.	2	2	1				1	0	0	0	2	0	
12.	112	72	9				1	0	0	0	51	1	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	47	0
2.	79		79	14.6		25.2			5.0	0	0
3.	91	0	91	28.5	0.6	30.3			5.0	0	0
4.	86	72	15	30.5	25.4	4,454.0			5.0	0	0
5.	40	39	1	20.8	20.4	(3,746.6)			5.0	0	0
6.	8	6	2	3.3	3.2	3.8			5.0	0	0
7.	3	2	1	8.9	8.5	9.9			5.0	0	0
8.	5	5	0	14.7	13.6	1,556.9			5.0	0	0
9.	3	3	0	7.4	6.6	127.1			5.0	0	0
10.	17	16	1	31.4	31.4	30.8			5.0	0	0
11.	8	6	3	14.1	10.0	250.6			5.0	1	1
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	49	2

SCHEDULE P - PART 1H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

(\$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	2,611	1,960	529	597	67		0	651	XXX
2. 1999	8,991	1,815	7,176	4,181	1,080	1,036	24	446		68	4,559	429
3. 2000	9,152	1,625	7,527	4,002	744	1,066	170	409		30	4,564	403
4. 2001	8,733	1,163	7,570	3,124	440	1,215	242	513		24	4,171	317
5. 2002	8,701	323	8,378	3,123	352	871	16	461		57	4,088	241
6. 2003	9,892	942	8,951	2,466	122	592	1	415		6	3,350	213
7. 2004	10,700	899	9,801	3,605	500	492	2	267		5	3,863	157
8. 2005	11,145	296	10,849	3,381	433	368	1	254		7	3,568	136
9. 2006	10,917	238	10,679	1,551		199		218		5	1,968	126
10. 2007	11,726	305	11,421	1,038		105		171		3	1,314	139
11. 2008	11,639	166	11,474	298	0	31	0	150		3	478	116
12. Totals	XXX	XXX	XXX	29,381	5,630	6,503	1,051	3,371		209	32,573	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.	1,760	830	3,550	1,056	1,052	123	1,525	(32)	638		4	6,548	36
2.	54		147	(3)	23		105	(3)	44		1	380	2
3.	106		160	42	38		250	127	32		1	417	1
4.	268	31	115	5	50	9	173	0	20		1	580	2
5.	361	5	171	1	94	3	180	3	31		1	825	3
6.	178	13	257	6	23	0	205	(0)	32		1	676	2
7.	270	2	505	17	60	0	248	(1)	37		2	1,101	3
8.	451	0	848	(63)	103	0	288	(1)	59		3	1,814	6
9.	1,648	55	1,449	28	107		467		47		7	3,634	9
10.	1,460		2,825	104	77		682		63		15	5,002	19
11.	1,940	47	3,491	36	52		824	2	127		16	6,350	38
12.	8,497	982	13,518	1,228	1,677	136	4,946	94	1,129		53	27,328	122

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	3,424	3,124
2.	6,035	1,097	4,938	67.1	60.5	68.8			5.0	205	175
3.	6,064	1,083	4,981	66.3	66.6	66.2			5.0	224	194
4.	5,477	726	4,751	62.7	62.5	62.8			5.0	347	233
5.	5,291	379	4,912	60.8	117.4	58.6			5.0	527	298
6.	4,168	141	4,026	42.1	15.0	45.0			5.0	417	259
7.	5,484	521	4,964	51.3	57.9	50.6			5.0	756	345
8.	5,752	370	5,382	51.6	124.8	49.6			5.0	1,363	451
9.	5,686	83	5,603	52.1	34.8	52.5			5.0	3,014	621
10.	6,420	104	6,317	54.8	34.0	55.3			5.0	4,181	822
11.	6,912	84	6,828	59.4	50.9	59.5			5.0	5,349	1,001
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	19,805	7,523

SCHEDULE P - PART 1H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

(\$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	1	(0)	1	(6)	0		0	8	XXX
2. 1999	2,384	237	2,147	1,794	93	775	13	99		30	2,562	42
3. 2000	2,792	249	2,543	1,199	449	864	61	119		33	1,672	47
4. 2001	3,238	450	2,787	1,332	340	1,455	95	236		55	2,588	73
5. 2002	2,765	486	2,280	2,429	218	1,329	144	295		90	3,690	69
6. 2003	2,195	417	1,777	886	297	678	89	136		47	1,314	31
7. 2004	2,046	88	1,958	1,239	151	408	32	11		29	1,475	17
8. 2005	1,940	38	1,902	471	174	391	120	26		20	593	13
9. 2006	1,949	31	1,918	505	25	203	28	25		11	681	14
10. 2007	1,996	8	1,987	1,166	34	183	7	32		11	1,339	15
11. 2008	2,011	25	1,985	382	(0)	75	2	35		4	490	14
12. Totals	XXX	XXX	XXX	11,403	1,780	6,360	584	1,015		331	16,414	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.	9	2	2	(0)	16	0	4	(0)	0		0	29	0
2.	3		2	(0)	1		1	(0)	0		0	6	0
3.	41		0	(0)	5		8	(0)	0		0	55	0
4.	28	19	3	(0)	9	7	6	(0)	0		0	19	0
5.	124	9	6	(0)	27	1	27	(0)	0		0	175	1
6.	30	3	9	(0)	3	0	6	(0)	0		0	45	0
7.	(11)		38	(0)	16		8	(0)	0		42	51	0
8.	27		103	(0)	10	1	7	(0)	1		1	147	1
9.	71	10	154	(0)	13	1	15	(0)	2		1	245	1
10.	337		262	(0)	60		124	(1)	4		2	789	3
11.	339	3	807	(1)	113	2	565	(7)	14		7	1,840	5
12.	998	46	1,387	(1)	273	12	771	(9)	21		53	3,401	11

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	9	20
2.	2,675	106	2,568	112.2	44.8	119.6			5.0	5	2
3.	2,237	510	1,727	80.1	204.5	67.9			5.0	41	13
4.	3,069	461	2,608	94.8	102.4	93.6			5.0	11	8
5.	4,237	371	3,865	153.2	76.5	169.5			5.0	121	54
6.	1,748	389	1,359	79.6	93.2	76.5			5.0	36	9
7.	1,709	183	1,526	83.5	208.5	78.0			5.0	27	24
8.	1,035	295	740	53.4	772.2	38.9			5.0	130	17
9.	989	63	926	50.7	200.8	48.3			5.0	216	29
10.	2,167	39	2,128	108.6	469.4	107.1			5.0	599	190
11.	2,329	(0)	2,330	115.9	(1.6)	117.4			5.0	1,144	696
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	2,339	1,062

SCHEDULE P - PART 1I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

(\$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	647	229	105	26	20		92	517	XXX
2. 2007	26,880	13,910	12,970	7,624	2,285	133	361	990		107	6,103	XXX
3. 2008	22,007	7,646	14,361	6,474	937	54	122	906		48	6,375	XXX
4. Totals	XXX	XXX	XXX	14,744	3,450	293	509	1,916		247	12,994	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.	319	43	72	7	43		59	13	22		(13)	452	17
2.	398		49	42	12		80	50	11		(20)	458	14
3.	1,645		830	185	6		137	50	106		76	2,489	101
4.	2,363	43	951	234	61		275	112	139		42	3,399	131

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	341	111
2.	9,298	2,737	6,561	34.6	19.7	50.6			5.0	406	53
3.	10,157	1,293	8,864	46.2	16.9	61.7			5.0	2,290	199
4.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	3,037	363

SCHEDULE P - PART 1J - AUTO PHYSICAL DAMAGE

(\$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	(98)	5	13	0	16		184	(73)	XXX
2. 2007	56,372	.88	56,284	33,367	0	158		5,896		6,665	39,420	19,294
3. 2008	54,246	78	54,168	29,443	2	113		5,907		4,197	35,462	16,342
4. Totals	XXX	XXX	XXX	62,712	7	284	0	11,819		11,046	74,809	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.	31	0	(77)	(0)	4		19		82		91	59	4
2.	19		(67)		5		20		26		151	3	5
3.	221		1,923		7		56		491		1,918	2,698	40
4.	271	0	1,778	(0)	16		95		599		2,161	2,760	48

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	(47)	105
2.	39,423	0	39,423	69.9	0.0	70.0			5.0	(48)	51
3.	38,161	2	38,159	70.3	2.3	70.4			5.0	2,144	554
4.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	2,049	711

SCHEDULE P - PART 1K - FIDELITY/SURETY

(\$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	(164)	340	297	48	313		1,134	.57	XXX
2. 2007	19,472	1,778	17,693	1,612	4	159	0	191		1,062	1,957	XXX
3. 2008	22,315	1,361	20,954	266	(1)	51		62		404	379	XXX
4. Totals	XXX	XXX	XXX	1,713	343	507	48	566		2,600	2,394	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.	(725)	128	297		1	1	530		143		3,564	117	17
2.	(802)	(0)	1,144		0	0	540		92		2,992	973	4
3.	145	1	4,152		0	0	1,205		297		5,314	5,798	5
4.	(1,382)	129	5,592		1	1	2,275		532		11,870	6,888	26

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	(557)	673
2.	2,935	5	2,931	15.1	0.3	16.6			5.0	342	631
3.	6,177	0	6,177	27.7	0.0	29.5			5.0	4,296	1,502
4.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	4,081	2,807

SCHEDULE P - PART 1L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

(\$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	42	24				0		18	XXX
2. 2007	101	65	36	159	50						109	XXX
3. 2008	97	76	21	54	39						15	XXX
4. Totals	XXX	XXX	XXX	254	112				0		142	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.	1,464	1,088										377	1
2.													
3.	169	111										58	
4.	1,633	1,199										434	1

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	377	
2.	159	50	109	157.2	76.7	301.2			5.0		
3.	223	150	72	228.9	196.9	344.8			5.0	58	
4.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	434	

SCHEDULE P - PART 1M - INTERNATIONAL

(\$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									XXX
2. 1999												XXX
3. 2000												XXX
4. 2001												XXX
5. 2002												XXX
6. 2003												XXX
7. 2004												XXX
8. 2005												XXX
9. 2006												XXX
10. 2007												XXX
11. 2008												XXX
12. Totals	XXX	XXX	XXX									XXX

NONE

	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.													
2.													
3.													
4.													
5.													
6.													
7.													
8.													
9.													
10.													
11.													
12.													

NONE

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.											
3.											
4.											
5.											
6.											
7.											
8.											
9.											
10.											
11.											
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		

NONE

SCHEDULE P - PART 1N - REINSURANCE - NONPROPORTIONAL ASSUMED PROPERTY

(\$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									XXX
2. 1999	(4)	0	(4)	0							0	XXX
3. 2000	0		0									XXX
4. 2001												XXX
5. 2002												XXX
6. 2003												XXX
7. 2004												XXX
8. 2005												XXX
9. 2006												XXX
10. 2007												XXX
11. 2008												XXX
12. Totals	XXX	XXX	XXX	0							0	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.													XXX
2.													XXX
3.													XXX
4.													XXX
5.													XXX
6.													XXX
7.													XXX
8.													XXX
9.													XXX
10.													XXX
11.													XXX
12.													XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.	0		0	(0.1)		(0.1)			5.0		
3.									5.0		
4.									5.0		
5.									5.0		
6.									5.0		
7.									5.0		
8.									5.0		
9.									5.0		
10.									5.0		
11.									5.0		
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		

SCHEDULE P - PART 10 - REINSURANCE - NONPROPORTIONAL ASSUMED LIABILITY

(\$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	1,163	107	68	7	35			1,153	XXX
2. 1999	0		0	3							3	XXX
3. 2000	(26)	0	(26)									XXX
4. 2001	3	1	3									XXX
5. 2002	0	0	0									XXX
6. 2003	0	0	0									XXX
7. 2004	3	0	2									XXX
8. 2005	1	0	1									XXX
9. 2006	0	0	0									XXX
10. 2007	0	0	0									XXX
11. 2008	1	0	1									XXX
12. Totals	XXX	XXX	XXX	1,167	107	68	7	35			1,156	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.	6,892	818	4,051	224			0		321			10,222	XXX
2.													XXX
3.													XXX
4.													XXX
5.													XXX
6.													XXX
7.													XXX
8.													XXX
9.													XXX
10.													XXX
11.													XXX
12.	6,892	818	4,051	224			0		321			10,222	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	9,901	321
2.	3		3	21,984.3		21,984.3			5.0		
3.									5.0		
4.									5.0		
5.									5.0		
6.									5.0		
7.									5.0		
8.									5.0		
9.									5.0		
10.									5.0		
11.									5.0		
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	9,901	321

SCHEDULE P - PART 1P - REINSURANCE - NONPROPORTIONAL ASSUMED FINANCIAL LINES

(\$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									XXX
2. 1999												XXX
3. 2000												XXX
4. 2001												XXX
5. 2002												XXX
6. 2003												XXX
7. 2004												XXX
8. 2005												XXX
9. 2006												XXX
10. 2007												XXX
11. 2008												XXX
12. Totals	XXX	XXX	XXX									XXX

NONE

	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.													XXX
2.													XXX
3.													XXX
4.													XXX
5.													XXX
6.													XXX
7.													XXX
8.													XXX
9.													XXX
10.													XXX
11.													XXX
12.													XXX

NONE

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.											
3.											
4.											
5.											
6.											
7.											
8.											
9.											
10.											
11.											
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		

NONE

SCHEDULE P - PART 1R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

(\$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	139	32	218	14	15			327	XXX
2. 1999	220	1	219	143		106		127		12	376	11
3. 2000	247	0	247	229		42		94		1	366	8
4. 2001	256		256	148		42		132		2	321	3
5. 2002	275		275	21		15		31		0	67	2
6. 2003	314		314	42		34		5		0	81	2
7. 2004	326	0	325	40		11		7		0	57	3
8. 2005	267	1	266	14		7		5		0	27	4
9. 2006	256	1	255	25		8		7		1	40	4
10. 2007	290	1	289	15		2		6		0	23	5
11. 2008	285	1	284	2		0		5		0	7	4
12. Totals	XXX	XXX	XXX	819	32	485	14	434		18	1,692	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.	557	146	43	2	278	86	8	(0)	2		0	654	8
2.	2		0		12		1		0		0	14	1
3.	5		0		4		4	1	0		0	13	0
4.	0		0		1		5		0		0	6	0
5.	7		0		7		6		0		0	20	0
6.			1		1		7		0		0	10	
7.	5		1		3		9		0		0	18	0
8.	21		2		5		10		0		0	39	0
9.	76		5		10		11		0		0	103	1
10.	14		20		3		18		1		1	56	0
11.	20		43		1		19		4		0	87	2
12.	707	146	116	2	325	86	99	1	9		2	1,020	13

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	452	202
2.	390		390	177.4		178.0			5.0	2	12
3.	380	1	379	153.8	617.3	153.4			5.0	6	7
4.	328		328	128.0		128.0			5.0	1	6
5.	87		87	31.5		31.5			5.0	7	13
6.	91		91	28.8		28.8			5.0	1	9
7.	76		76	23.2		23.2			5.0	6	12
8.	65		65	24.5		24.5			5.0	23	16
9.	142		142	55.6		55.8			5.0	81	22
10.	79		79	27.3		27.4			5.0	34	22
11.	95		95	33.2		33.3			5.0	63	24
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	675	345

SCHEDULE P - PART 1R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

(\$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								XXX	
2. 1999	1		1					0			0	
3. 2000	2		2	0		0		0			1	
4. 2001						(0)					(0)	
5. 2002												
6. 2003												
7. 2004												
8. 2005						(0)					(0)	
9. 2006						(0)					(0)	
10. 2007												
11. 2008												
12. Totals	XXX	XXX	XXX	0		(0)		0			0	

	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.			0				0		0			0	
2.													
3.													
4.													
5.													
6.													
7.													
8.													
9.													
10.													
11.													
12.			0				0		0			0	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2.	0		0	0.4		0.4			5.0		
3.	1		1	32.4		32.4			5.0		
4.	(0)		(0)						5.0		
5.									5.0		
6.									5.0		
7.									5.0		
8.	(0)		(0)						5.0		
9.	(0)		(0)						5.0		
10.									5.0		
11.									5.0		
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0

SCHEDULE P - PART 1S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

(\$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									XXX
2. 2007												XXX
3. 2008												XXX
4. Totals	XXX	XXX	XXX									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.			0			0		0		0	0		
2.													
3.													
4.			0			0		0		0	0		

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2.									5.0		
3.									5.0		
4.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0

SCHEDULE P - PART 1T - WARRANTY

(\$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)	4 Loss Payment		5 Defense and Cost Containment Payments		8 Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded				Direct and Assumed	Ceded
1. Prior	XXX	XXX	XXX									XXX
2. 2007												
3. 2008												
4. Totals	XXX	XXX	XXX									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.													
2.													
3.													
4.													

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.											
3.											
4.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		

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

SCHEDULE P - PART 2A - HOMEOWNERS/FAROWNERS

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	11 One Year	12 Two Year
1. Prior	4,435	4,563	4,304	4,186	4,103	4,130	4,161	4,190	4,343	4,377	34	188
2. 1999	25,562	25,899	26,139	26,207	26,267	26,206	26,185	26,191	26,215	26,228	13	37
3. 2000	XXX	29,607	30,721	30,670	30,667	30,529	30,452	30,430	30,404	30,402	(1)	(28)
4. 2001	XXX	XXX	33,765	34,503	35,048	34,766	34,763	34,657	34,550	34,620	70	(37)
5. 2002	XXX	XXX	XXX	26,585	25,925	24,841	24,079	24,113	24,086	24,142	55	29
6. 2003	XXX	XXX	XXX	XXX	22,030	21,668	20,989	20,742	20,592	20,620	28	(122)
7. 2004	XXX	XXX	XXX	XXX	XXX	19,217	20,066	19,946	19,538	19,444	(94)	(502)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	17,572	17,321	17,135	17,100	(35)	(221)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,246	19,434	19,251	(183)	5
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,871	20,952	81	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,220	29,220	XXX	XXX
12. Totals											(33)	(652)

SCHEDULE P - PART 2B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

1. Prior	26,118	25,867	24,902	24,674	23,664	23,835	23,679	23,638	23,575	23,650	75	12
2. 1999	38,531	39,537	38,995	39,117	39,040	39,113	38,951	38,957	38,933	38,926	(6)	(31)
3. 2000	XXX	38,388	39,903	40,080	40,028	40,277	40,033	39,939	39,920	39,920	(0)	(19)
4. 2001	XXX	XXX	37,666	38,402	38,042	38,263	37,989	37,839	37,750	37,720	(30)	(119)
5. 2002	XXX	XXX	XXX	42,596	44,006	42,415	41,427	40,821	40,826	40,771	(55)	(50)
6. 2003	XXX	XXX	XXX	XXX	46,124	46,220	46,504	45,983	46,015	45,888	(127)	(95)
7. 2004	XXX	XXX	XXX	XXX	XXX	55,072	54,687	52,675	52,017	51,671	(346)	(1,004)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	60,732	59,401	56,330	55,262	(1,068)	(4,139)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	53,484	55,967	55,328	(640)	1,844
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	57,125	56,413	(712)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	48,587	48,587	XXX	XXX
12. Totals											(2,910)	(3,603)

SCHEDULE P - PART 2C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

1. Prior	9,758	9,746	10,132	10,014	10,076	9,499	9,370	9,387	9,331	9,394	63	8
2. 1999	10,021	11,094	11,891	12,161	12,355	12,227	12,110	12,101	12,092	12,102	10	1
3. 2000	XXX	11,910	11,970	12,257	12,408	12,385	12,221	12,223	12,255	12,237	(17)	14
4. 2001	XXX	XXX	9,662	8,784	8,380	8,912	8,768	8,715	8,660	8,681	21	(35)
5. 2002	XXX	XXX	XXX	8,457	7,544	7,198	7,089	7,127	7,089	7,096	7	(32)
6. 2003	XXX	XXX	XXX	XXX	7,355	6,672	6,564	6,728	6,780	6,722	(57)	(5)
7. 2004	XXX	XXX	XXX	XXX	XXX	7,242	6,758	7,111	7,406	7,428	21	317
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	7,686	8,174	8,622	8,811	188	637
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,558	9,234	9,310	76	751
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,803	11,582	778	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,751	11,751	XXX	XXX
12. Totals											1,090	1,657

SCHEDULE P - PART 2D- WORKERS' COMPENSATION

1. Prior	24,913	24,974	27,077	26,669	30,754	32,598	35,658	35,827	35,217	35,441	224	(386)
2. 1999	13,399	15,815	18,085	18,588	20,690	19,763	20,067	20,366	20,056	20,171	115	(195)
3. 2000	XXX	15,165	17,601	18,583	20,172	20,247	20,684	20,644	20,474	20,407	(68)	(237)
4. 2001	XXX	XXX	13,253	13,411	14,475	14,564	14,818	14,785	14,516	14,480	(36)	(305)
5. 2002	XXX	XXX	XXX	6,379	7,248	7,126	7,156	6,986	6,854	6,815	(39)	(171)
6. 2003	XXX	XXX	XXX	XXX	5,803	5,700	5,342	5,042	4,964	5,017	53	(25)
7. 2004	XXX	XXX	XXX	XXX	XXX	5,436	4,424	3,992	3,756	3,727	(28)	(265)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	4,449	3,878	3,448	3,369	(79)	(509)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,841	3,704	3,702	(2)	(139)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,285	4,283	(3)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,347	4,347	XXX	XXX
12. Totals											136	(2,232)

SCHEDULE P - PART 2E- COMMERCIAL MULTIPLE PERIL

1. Prior	32,862	33,428	36,173	37,190	38,359	36,521	33,831	34,059	33,751	33,690	(61)	(370)
2. 1999	20,387	21,352	22,958	23,190	23,293	23,689	23,599	23,666	23,539	23,444	(95)	(222)
3. 2000	XXX	22,045	22,435	23,161	23,803	23,369	23,368	23,176	23,034	22,858	(175)	(318)
4. 2001	XXX	XXX	21,148	19,951	19,783	19,914	20,012	19,951	19,774	19,576	(198)	(375)
5. 2002	XXX	XXX	XXX	15,487	13,426	14,035	13,521	13,379	13,278	13,222	(56)	(157)
6. 2003	XXX	XXX	XXX	XXX	14,997	14,429	13,245	13,432	13,491	13,327	(164)	(106)
7. 2004	XXX	XXX	XXX	XXX	XXX	19,243	18,140	18,137	18,028	18,010	(18)	(127)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	17,019	16,234	16,068	16,199	131	(36)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,782	14,629	14,208	(421)	(574)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16,548	16,132	(416)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	21,631	21,631	XXX	XXX
12. Totals											(1,474)	(2,285)

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

SCHEDULE P - PART 2F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

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	91	81	78	59	58	59	77	65	62	64	1	(1)
2. 1999	16	68	78	102	80	89	85	79	77	77	(0)	(2)
3. 2000	XXX	15	24	44	51	78	80	53	51	51	(0)	(2)
4. 2001	XXX	XXX	71	67	80	112	73	61	57	57	(1)	(5)
5. 2002	XXX	XXX	XXX	38	(3)	65	62	56	46	44	(2)	(12)
6. 2003	XXX	XXX	XXX	XXX	34	20	27	20	20	17	(4)	(4)
7. 2004	XXX	XXX	XXX	XXX	XXX	49	39	22	23	11	(12)	(11)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	68	43	13	3	(10)	(40)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	108	95	77	(18)	(32)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31	15	(15)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	67	XXX	XXX
											12. Totals	(61) (108)

SCHEDULE P - PART 2F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

1. Prior	299	276	240	229	222	222	222	222	222	222		
2. 1999	518	482	466	423	416	422	422	421	421	421	(0)	(0)
3. 2000	XXX	529	559	564	541	544	539	541	540	541	1	(0)
4. 2001	XXX	XXX	721	718	735	774	751	745	733	732	(2)	(14)
5. 2002	XXX	XXX	XXX	613	584	620	654	629	615	609	(7)	(21)
6. 2003	XXX	XXX	XXX	XXX	169	207	212	208	200	210	10	3
7. 2004	XXX	XXX	XXX	XXX	XXX	42	67	26	22	22		(4)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	118	26	19	17	(2)	(10)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	49	5	4	(2)	(45)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16	2	(14)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17	XXX	XXX
											12. Totals	(15) (91)

SCHEDULE P - PART 2G - SPECIAL LIABILITY (OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)

1. Prior	192	131	159	289	258	163	229	144	160	191	31	47
2. 1999	126	77	74	72	70	70	70	70	70	70	0	0
3. 2000	XXX	95	83	81	85	79	79	79	79	79	0	0
4. 2001	XXX	XXX	5	4	0	0	0	0	0	0	(0)	(0)
5. 2002	XXX	XXX	XXX	0	0	0	0	0	0	0	(0)	(0)
6. 2003	XXX	XXX	XXX	XXX	0	0	0	0	0	0	(0)	(0)
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1	0	0	0	(0)	(0)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	0	0	(0)	(1)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	0	(2)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	XXX	XXX
											12. Totals	30 46

SCHEDULE P - PART 2H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

1. Prior	18,004	18,800	20,323	20,220	21,038	22,889	25,169	26,424	26,093	26,281	188	(143)
2. 1999	3,710	4,078	4,516	4,512	4,494	4,494	4,680	4,613	4,553	4,449	(104)	(165)
3. 2000	XXX	4,522	4,414	4,927	4,690	4,548	4,870	4,741	4,577	4,540	(36)	(201)
4. 2001	XXX	XXX	4,310	4,060	3,921	3,742	4,358	4,273	4,303	4,218	(84)	(55)
5. 2002	XXX	XXX	XXX	4,230	4,551	5,205	4,425	4,449	4,424	4,420	(4)	(28)
6. 2003	XXX	XXX	XXX	XXX	4,808	4,653	3,861	3,653	3,688	3,579	(109)	(74)
7. 2004	XXX	XXX	XXX	XXX	XXX	5,848	5,464	4,984	4,750	4,660	(90)	(324)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	7,125	5,579	5,224	5,069	(155)	(510)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,240	5,598	5,338	(259)	(902)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,517	6,083	(434)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,551	XXX	XXX
											12. Totals	(1,088) (2,402)

SCHEDULE P - PART 2H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

1. Prior	915	955	1,045	1,984	2,005	1,000	997	1,004	1,002	1,011	8	7
2. 1999	2,288	2,006	2,137	2,117	2,419	2,479	2,462	2,459	2,465	2,469	4	10
3. 2000	XXX	2,192	1,807	1,780	1,906	1,714	1,668	1,646	1,629	1,608	(21)	(39)
4. 2001	XXX	XXX	2,573	2,639	2,514	2,592	2,370	2,356	2,375	2,372	(3)	15
5. 2002	XXX	XXX	XXX	3,479	3,219	3,546	3,336	3,348	3,474	3,570	96	223
6. 2003	XXX	XXX	XXX	XXX	1,740	1,944	1,092	1,273	1,228	1,223	(5)	(51)
7. 2004	XXX	XXX	XXX	XXX	XXX	2,110	1,219	1,695	1,647	1,514	(132)	(180)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,657	997	791	713	(77)	(283)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,546	958	899	(59)	(647)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,618	2,093	(526)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,281	XXX	XXX
											12. Totals	(716) (945)

SCHEDULE P - PART 2I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY, AND THEFT)

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	11 One Year	12 Two Year
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,390	2,426	2,326	(100)	(64)
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,797	5,560	(238)	XXX
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,853	XXX	XXX
4. Totals											(338)	(64)

SCHEDULE P - PART 2J - AUTO PHYSICAL DAMAGE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,329	1,847	1,910	.63	.581
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,562	33,502	(60)	XXX
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,761	XXX	XXX
4. Totals											3	581

SCHEDULE P - PART 2K - FIDELITY, SURETY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,380	.19	(500)	(520)	(2,880)
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,973	2,648	(2,325)	XXX
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,818	XXX	XXX
4. Totals											(2,845)	(2,880)

SCHEDULE P - PART 2L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	498	419	412	(8)	(86)
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	176	109	(67)	XXX
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	72	XXX	XXX
4. Totals											(74)	(86)

SCHEDULE P - PART 2M - INTERNATIONAL

1. Prior												
2. 1999												
3. 2000	XXX											
4. 2001	XXX	XXX										
5. 2002	XXX	XXX	XXX									
6. 2003	XXX	XXX	XXX	XXX								
7. 2004	XXX	XXX	XXX	XXX	XXX							
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

NONE

SCHEDULE P - PART 2N - REINSURANCE
Nonproportional Assumed Property

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	11 One Year	12 Two Year
1. Prior	111	53	354	63	63	63	63	63	63	63		
2. 1999	1	1	1		0	0	0	0	0	0		
3. 2000	XXX	1	1									
4. 2001	XXX	XXX	1									
5. 2002	XXX	XXX	XXX									
6. 2003	XXX	XXX	XXX	XXX								
7. 2004	XXX	XXX	XXX	XXX	XXX							
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

SCHEDULE P - PART 2O - REINSURANCE
Nonproportional Assumed Liability

1. Prior	11,637	11,632	12,259	12,374	12,346	12,722	13,543	14,068	15,707	15,842	134	1,774
2. 1999	7	7	7	3	3	3	3	3	3	3		
3. 2000	XXX	4	4									
4. 2001	XXX	XXX	4									
5. 2002	XXX	XXX	XXX									
6. 2003	XXX	XXX	XXX	XXX								
7. 2004	XXX	XXX	XXX	XXX	XXX							
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals											134	1,774

SCHEDULE P - PART 2P - REINSURANCE
Nonproportional Assumed Financial Lines

1. Prior	4						0	0	0		(0)	(0)
2. 1999	0											
3. 2000	XXX											
4. 2001	XXX	XXX										
5. 2002	XXX	XXX	XXX									
6. 2003	XXX	XXX	XXX	XXX								
7. 2004	XXX	XXX	XXX	XXX	XXX							
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals											(0)	(0)

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

SCHEDULE P - PART 2R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	11 One Year	12 Two Year
1. Prior	958	1,083	1,304	1,313	1,579	1,576	1,699	2,455	2,218	2,574	356	119
2. 1999	93	128	158	125	123	240	249	270	275	263	(12)	(7)
3. 2000	XXX	91	131	117	173	285	270	284	278	284	6	(0)
4. 2001	XXX	XXX	99	85	108	108	197	202	197	195	(2)	(6)
5. 2002	XXX	XXX	XXX	99	74	75	69	57	42	56	14	(1)
6. 2003	XXX	XXX	XXX	XXX	105	124	124	107	94	86	(8)	(21)
7. 2004	XXX	XXX	XXX	XXX	XXX	168	115	85	71	69	(2)	(17)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	115	53	33	60	27	7
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	77	132	135	3	58
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	79	72	(6)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	86	XXX	XXX
12. Totals											375	130

SCHEDULE P - PART 2R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior					(0)	(1)	(1)	12	0	0	0	(12)
2. 1999												
3. 2000	XXX	1	0	1	0	0	0	0	0	0		
4. 2001	XXX	XXX						(0)	(0)	(0)		
5. 2002	XXX	XXX	XXX	(0)	(0)							
6. 2003	XXX	XXX	XXX	XXX								
7. 2004	XXX	XXX	XXX	XXX	XXX							
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX		(0)	(0)	(0)		
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(0)	(0)	(0)		
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals											0	(12)

SCHEDULE P - PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	(0)	0
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
4. Totals											(0)	0

SCHEDULE P - PART 2T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
4. Totals												

NONE

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

SCHEDULE P - PART 3A - HOMEOWNERS/FARMOWNERS

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	2,063	3,150	3,596	3,848	3,992	4,055	4,125	4,204	4,255	2	0
2. 1999	18,613	23,886	25,070	25,712	25,956	26,044	26,099	26,127	26,155	26,165	6,804	1,095
3. 2000	XXX	20,938	28,120	29,509	30,043	30,229	30,307	30,305	30,339	30,361	6,264	627
4. 2001	XXX	XXX	23,498	31,755	33,396	34,139	34,455	34,503	34,499	34,571	6,104	266
5. 2002	XXX	XXX	XXX	16,489	22,073	22,990	23,444	23,685	23,927	24,007	3,960	389
6. 2003	XXX	XXX	XXX	XXX	14,434	18,777	19,798	20,182	20,378	20,473	3,002	334
7. 2004	XXX	XXX	XXX	XXX	XXX	12,438	17,519	18,678	19,126	19,250	2,325	167
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	10,776	15,287	16,237	16,580	1,916	250
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,537	17,699	18,445	2,275	257
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,862	18,850	2,026	215
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,634	2,239	238

SCHEDULE P - PART 3B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

1. Prior	000	11,806	17,339	20,342	21,422	22,058	22,506	22,872	22,850	22,899	1	0
2. 1999	14,480	26,179	32,020	35,593	37,473	38,301	38,600	38,730	38,800	38,831	10,030	1,655
3. 2000	XXX	15,373	26,517	32,930	36,579	38,281	39,248	39,559	39,730	39,803	9,431	1,558
4. 2001	XXX	XXX	13,908	25,039	31,217	34,551	36,375	37,022	37,311	37,479	8,663	1,041
5. 2002	XXX	XXX	XXX	15,157	27,270	33,764	37,749	39,437	40,197	40,438	8,983	865
6. 2003	XXX	XXX	XXX	XXX	16,674	30,001	37,761	41,958	44,364	45,116	9,613	720
7. 2004	XXX	XXX	XXX	XXX	XXX	18,734	34,549	43,186	48,033	49,774	9,830	690
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	20,632	37,231	46,655	50,952	10,238	733
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,378	37,736	45,207	9,356	646
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,999	36,102	8,532	626
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,369	5,709	324

SCHEDULE P - PART 3C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

1. Prior	000	4,783	6,927	7,917	8,463	8,775	8,924	8,968	9,018	9,074	0	0
2. 1999	2,982	6,099	8,846	10,561	11,390	11,742	11,919	12,044	12,054	12,089	1,428	517
3. 2000	XXX	3,220	6,218	8,560	10,221	11,262	11,862	12,010	12,160	12,178	1,428	505
4. 2001	XXX	XXX	2,210	4,345	6,061	7,287	7,946	8,422	8,493	8,582	1,034	484
5. 2002	XXX	XXX	XXX	1,769	3,428	5,089	6,004	6,635	6,848	6,931	742	403
6. 2003	XXX	XXX	XXX	XXX	1,356	3,040	4,590	5,750	6,320	6,530	640	259
7. 2004	XXX	XXX	XXX	XXX	XXX	1,507	3,142	4,764	6,394	6,885	644	109
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,639	3,964	6,039	7,520	678	99
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,792	4,098	6,012	701	99
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,351	4,894	707	102
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,106	459	56

SCHEDULE P - PART 3D - WORKERS' COMPENSATION

1. Prior	000	5,334	8,983	12,362	14,433	16,047	17,330	18,264	19,053	20,004	14	2
2. 1999	3,987	9,257	12,230	14,317	15,556	16,286	16,821	17,201	17,391	17,588	2,355	728
3. 2000	XXX	4,253	9,392	12,821	14,606	15,746	16,467	16,936	17,370	17,626	2,339	796
4. 2001	XXX	XXX	2,592	6,162	8,459	9,877	10,723	11,194	11,599	11,857	1,383	760
5. 2002	XXX	XXX	XXX	1,369	3,083	4,077	4,733	5,055	5,293	5,465	1,025	334
6. 2003	XXX	XXX	XXX	XXX	936	2,163	2,893	3,263	3,524	3,799	546	136
7. 2004	XXX	XXX	XXX	XXX	XXX	801	1,766	2,220	2,538	2,703	328	39
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	648	1,444	1,904	2,224	299	36
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	668	1,575	2,162	281	32
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	784	1,859	275	33
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	870	175	19

SCHEDULE P - PART 3E - COMMERCIAL MULTIPLE PERIL

1. Prior	000	7,442	13,248	17,629	20,976	23,260	24,863	26,212	27,157	28,151	7	6
2. 1999	9,963	14,325	16,735	18,415	19,841	20,771	21,604	22,086	22,519	22,695	2,249	1,261
3. 2000	XXX	10,099	14,963	17,189	18,910	20,326	20,994	21,431	21,748	21,970	2,243	1,157
4. 2001	XXX	XXX	8,654	12,489	14,409	15,917	17,021	17,886	18,253	18,583	1,718	1,079
5. 2002	XXX	XXX	XXX	5,379	8,192	9,685	10,745	11,404	11,950	12,348	1,164	1,030
6. 2003	XXX	XXX	XXX	XXX	5,513	8,107	9,524	10,820	11,691	12,191	927	652
7. 2004	XXX	XXX	XXX	XXX	XXX	7,806	12,143	13,818	15,172	16,192	970	186
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	6,025	10,189	11,892	13,454	826	188
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,424	8,985	10,311	751	161
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,789	9,340	699	162
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,824	577	113

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

SCHEDULE P - PART 3F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

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	36	40	58	58	58	58	59	61	61		
2. 1999	0	1	8	25	65	67	76	77	77	77	0	1
3. 2000	XXX	1	4	12	28	38	48	50	50	50	1	1
4. 2001	XXX	XXX	0	1	13	44	53	56	56	56	0	1
5. 2002	XXX	XXX	XXX	0	0	1	5	13	43	43	0	0
6. 2003	XXX	XXX	XXX	XXX			1	4	4	10	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX		0	1	2	6	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	63	67	67	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1		

SCHEDULE P - PART 3F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

1. Prior	.000	161	211	221	222	222	222	222	222	222		
2. 1999	73	220	337	382	400	421	421	421	421	421	7	0
3. 2000	XXX	72	289	476	526	533	539	540	540	541	10	10
4. 2001	XXX	XXX	106	388	600	657	713	719	725	729	12	16
5. 2002	XXX	XXX	XXX	104	366	485	552	572	591	599	11	18
6. 2003	XXX	XXX	XXX	XXX	75	121	182	186	186	188	2	12
7. 2004	XXX	XXX	XXX	XXX	XXX	5	13	22	22	22	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	5	11	12	16	0	0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3	4	4	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		

**SCHEDULE P - PART 3G - SPECIAL LIABILITY
(OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)**

1. Prior	.000	98	141	223	200	86	96	222	116	144	XXX	XXX
2. 1999	46	69	70	70	70	70	70	70	70	70	XXX	XXX
3. 2000	XXX	54	78	79	79	79	79	79	79	79	XXX	XXX
4. 2001	XXX	XXX	0	0	0	0	0	0	0	0	XXX	XXX
5. 2002	XXX	XXX	XXX	0	0	0					XXX	XXX
6. 2003	XXX	XXX	XXX	XXX							XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

SCHEDULE P - PART 3H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

1. Prior	.000	4,269	7,076	9,432	11,742	13,759	15,235	16,970	19,788	20,372	6	2
2. 1999	405	1,122	2,236	2,780	3,275	3,526	3,800	3,919	4,024	4,113	256	161
3. 2000	XXX	464	1,369	2,227	3,118	3,474	3,795	4,039	4,088	4,155	230	163
4. 2001	XXX	XXX	375	905	1,934	2,632	3,149	3,346	3,572	3,658	183	159
5. 2002	XXX	XXX	XXX	383	1,345	2,259	2,979	3,215	3,426	3,627	134	124
6. 2003	XXX	XXX	XXX	XXX	360	916	1,609	2,066	2,740	2,935	113	87
7. 2004	XXX	XXX	XXX	XXX	XXX	358	1,198	2,182	2,989	3,596	105	49
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	356	1,142	2,047	3,314	95	35
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	233	945	1,750	90	26
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	269	1,143	87	33
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	328	60	18

SCHEDULE P - PART 3H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

1. Prior	.000	543	709	912	914	963	971	972	973	981		
2. 1999	755	1,309	1,776	1,973	2,272	2,333	2,418	2,432	2,440	2,463	16	18
3. 2000	XXX	439	915	1,288	1,525	1,504	1,553	1,562	1,578	1,553	18	26
4. 2001	XXX	XXX	335	1,089	1,696	1,955	2,140	2,286	2,343	2,352	26	30
5. 2002	XXX	XXX	XXX	887	1,819	2,475	2,732	2,945	3,174	3,395	25	46
6. 2003	XXX	XXX	XXX	XXX	204	705	955	1,079	1,151	1,178	11	31
7. 2004	XXX	XXX	XXX	XXX	XXX	287	618	1,342	1,424	1,464	6	10
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	240	396	572	568	6	7
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	300	561	656	5	8
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	291	1,308	5	7
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	454	2	7

**SCHEDULE P - PART 3I - SPECIAL PROPERTY
(FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY, AND THEFT)**

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	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.000	1,400	1,896	XXX	XXX
2. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	3,967	5,112	XXX	XXX
3. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	5,469	XXX	XXX

SCHEDULE P - PART 3J - AUTO PHYSICAL DAMAGE

1. Prior	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.000	2,023	1,934	47	13
2. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	31,549	33,525	19,064	225
3. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	29,554	16,155	147

SCHEDULE P - PART 3K - FIDELITY/SURETY

1. Prior	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.000	(218)	(474)	XXX	XXX
2. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	293	1,767	XXX	XXX
3. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	318	XXX	XXX

SCHEDULE P - PART 3L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

1. Prior	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.000	17	35	XXX	XXX
2. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	109	109	XXX	XXX
3. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	15	XXX	XXX

SCHEDULE P - PART 3M - INTERNATIONAL

1. Prior	.000										XXX	XXX
2. 1999											XXX	XXX
3. 2000	.XXX										XXX	XXX
4. 2001	.XXX	.XXX									XXX	XXX
5. 2002	.XXX	.XXX	.XXX								XXX	XXX
6. 2003	.XXX	.XXX	.XXX	.XXX							XXX	XXX
7. 2004	.XXX	.XXX	.XXX	.XXX	.XXX						XXX	XXX
8. 2005	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX					XXX	XXX
9. 2006	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				XXX	XXX
10. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			XXX	XXX
11. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		XXX	XXX

NONE

SCHEDULE P - PART 3N - REINSURANCE
Nonproportional Assumed Property

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	.8	.63	.63	.63	.63	.63	.63	.63	.63	XXX	XXX
2. 1999	.0	.0	.0		.0	.0	.0	.0	.0	.0	XXX	XXX
3. 2000	XXX										XXX	XXX
4. 2001	XXX	XXX									XXX	XXX
5. 2002	XXX	XXX	XXX								XXX	XXX
6. 2003	XXX	XXX	XXX	XXX							XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

SCHEDULE P - PART 3O - REINSURANCE
Nonproportional Assumed Liability

1. Prior	.000	.561	1,574	2,115	2,973	3,458	4,020	4,093	4,824	5,941	XXX	XXX
2. 1999	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3	XXX	XXX
3. 2000	XXX										XXX	XXX
4. 2001	XXX	XXX									XXX	XXX
5. 2002	XXX	XXX	XXX								XXX	XXX
6. 2003	XXX	XXX	XXX	XXX							XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

SCHEDULE P - PART 3P - REINSURANCE
Nonproportional Assumed Financial Lines

1. Prior	.000				.0	.0	.0	.0	.0	.0	XXX	XXX
2. 1999											XXX	XXX
3. 2000	XXX										XXX	XXX
4. 2001	XXX	XXX									XXX	XXX
5. 2002	XXX	XXX	XXX								XXX	XXX
6. 2003	XXX	XXX	XXX	XXX							XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

NONE

SCHEDULE P - PART 3R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

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	.225	.504	.776	.997	1,101	1,270	1,427	1,610	1,922	.0	.1
2. 1999	.7	.20	.89	.98	103	.214	.227	.226	.244	.249	.6	.6
3. 2000	.XXX	.14	.27	.47	.83	.171	.244	.248	.263	.272	.5	.3
4. 2001	.XXX	.XXX	.2	.10	.61	.72	.99	.109	.187	.189	.1	.3
5. 2002	.XXX	.XXX	.XXX	.5	.8	.12	.17	.20	.33	.36	.1	.2
6. 2003	.XXX	.XXX	.XXX	.XXX	.3	.9	.45	.60	.76	.76	.1	.1
7. 2004	.XXX	.XXX	.XXX	.XXX	.XXX	.8	.17	.33	.34	.51	.2	.1
8. 2005	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.6	.9	.16	.21	.2	.1
9. 2006	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.8	.14	.33	.2	.2
10. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.3	.17	.1	.3
11. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.2	.1	.2

SCHEDULE P - PART 3R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	.000				(0)	(0)	(0)	.0	.0	.0		
2. 1999												
3. 2000	.XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2001	.XXX	.XXX						(0)	(0)	(0)		
5. 2002	.XXX	.XXX	.XXX									
6. 2003	.XXX	.XXX	.XXX	.XXX								
7. 2004	.XXX	.XXX	.XXX	.XXX	.XXX							
8. 2005	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		(0)	(0)	(0)		
9. 2006	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	(0)	(0)	(0)		
10. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX				
11. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			

SCHEDULE P - PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.000	(0)	(0)	.XXX	.XXX
2. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			.XXX	.XXX
3. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		.XXX	.XXX

SCHEDULE P - PART 3T - WARRANTY

1. Prior	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.000			.XXX	.XXX
2. 2007	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX			.XXX	.XXX
3. 2008	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX	.XXX		.XXX	.XXX

NONE

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

SCHEDULE P - PART 4A - HOMEOWNERS/FARMOWNERS

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
1. Prior	997	825	322	183	36	25	9	18	8	4
2. 1999	2,686	343	180	86	93	10	8	33	4	5
3. 2000	XXX	3,815	668	145	197	31	24	44	7	12
4. 2001	XXX	XXX	4,403	395	551	177	145	73	12	20
5. 2002	XXX	XXX	XXX	5,190	2,026	916	191	134	18	35
6. 2003	XXX	XXX	XXX	XXX	3,218	1,331	440	253	41	53
7. 2004	XXX	XXX	XXX	XXX	XXX	2,235	877	527	79	62
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	2,975	687	176	105
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,343	362	192
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,220	360
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,930

SCHEDULE P - PART 4B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

1. Prior	6,605	3,875	1,983	1,352	292	259	19	13	(7)	7
2. 1999	8,432	3,177	928	346	140	233	22	16	14	9
3. 2000	XXX	7,626	2,598	750	250	391	116	43	31	36
4. 2001	XXX	XXX	9,502	2,896	1,019	650	216	110	55	46
5. 2002	XXX	XXX	XXX	11,816	5,762	2,287	653	107	102	66
6. 2003	XXX	XXX	XXX	XXX	12,712	3,512	1,198	308	194	124
7. 2004	XXX	XXX	XXX	XXX	XXX	15,634	4,852	1,643	491	233
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	15,748	6,133	1,365	613
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,750	2,616	1,609
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,669	4,689
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,336

SCHEDULE P - PART 4C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

1. Prior	2,365	1,036	500	125	700	89	28	67	20	60
2. 1999	2,502	926	454	61	209	94	25	10	13	12
3. 2000	XXX	3,264	1,212	219	349	164	56	29	18	23
4. 2001	XXX	XXX	3,780	1,178	353	226	88	60	28	40
5. 2002	XXX	XXX	XXX	3,435	1,324	480	117	80	43	36
6. 2003	XXX	XXX	XXX	XXX	3,198	939	301	104	49	29
7. 2004	XXX	XXX	XXX	XXX	XXX	2,722	784	468	107	70
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	2,540	1,189	252	156
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,281	1,379	479
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,237	2,153
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,437

SCHEDULE P - PART 4D - WORKERS' COMPENSATION

1. Prior	5,953	4,723	1,807	853	3,745	4,384	6,986	7,147	6,227	5,824
2. 1999	2,261	986	342	308	411	465	885	1,074	860	966
3. 2000	XXX	3,060	1,016	381	531	513	855	971	901	845
4. 2001	XXX	XXX	2,482	1,113	469	570	899	952	675	686
5. 2002	XXX	XXX	XXX	1,642	1,064	619	715	627	569	482
6. 2003	XXX	XXX	XXX	XXX	1,556	993	798	613	469	336
7. 2004	XXX	XXX	XXX	XXX	XXX	2,138	1,023	656	446	392
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,797	943	415	223
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,194	455	229
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,121	478
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,312

SCHEDULE P - PART 4E - COMMERCIAL MULTIPLE PERIL

1. Prior	18,915	15,714	15,090	13,674	13,145	8,427	4,929	3,950	3,747	3,051
2. 1999	4,497	2,534	2,340	1,791	1,700	1,482	821	768	529	401
3. 2000	XXX	5,769	3,059	2,470	2,317	1,630	1,396	1,027	891	620
4. 2001	XXX	XXX	6,526	3,016	2,252	1,538	1,324	1,135	832	592
5. 2002	XXX	XXX	XXX	5,813	2,671	2,163	1,389	901	725	552
6. 2003	XXX	XXX	XXX	XXX	5,967	3,442	1,516	1,298	848	680
7. 2004	XXX	XXX	XXX	XXX	XXX	6,423	2,767	1,738	1,076	711
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	6,103	3,028	1,459	1,182
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,122	2,623	1,513
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,302	3,084
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,175

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

SCHEDULE P - PART 4F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

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	43	28	18	0		1	18	5	2	3
2. 1999	13	21	6	1		1	8	3	1	0
3. 2000	XXX	12	10	1	(2)	2	10	3	1	1
4. 2001	XXX	XXX	17	3	(3)	1	12	4	2	1
5. 2002	XXX	XXX	XXX	38	(6)	19	16	5	3	1
6. 2003	XXX	XXX	XXX	XXX	34	20	17	6	5	2
7. 2004	XXX	XXX	XXX	XXX	XXX	48	33	15	10	3
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	68	43	13	3
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	45	28	10
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30	15
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18

SCHEDULE P - PART 4F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

1. Prior	111	49	14		0					
2. 1999	112	71	32				0			
3. 2000	XXX	136	64	5	(1)	3	0	0		0
4. 2001	XXX	XXX	117	22	(15)	3	7	5	1	1
5. 2002	XXX	XXX	XXX	66	(27)	7	19	10	4	2
6. 2003	XXX	XXX	XXX	XXX	8	4	5	3	2	5
7. 2004	XXX	XXX	XXX	XXX	XXX	24	19	1		
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	95	7	1	0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	44	2	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	16	2
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17

**SCHEDULE P - PART 4G - SPECIAL LIABILITY
(OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)**

1. Prior	30	5	1		2	21	4	3	11	6
2. 1999	60	7	4	1						0
3. 2000	XXX	31	5	2	6		0	0	0	0
4. 2001	XXX	XXX	5	4			0	0	0	0
5. 2002	XXX	XXX	XXX				0	0	0	0
6. 2003	XXX	XXX	XXX	XXX	0		0	0	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1	0	0	0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	0
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2

SCHEDULE P - PART 4H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

1. Prior	10,728	8,970	8,661	7,001	6,486	5,853	6,542	5,799	3,308	4,050
2. 1999	1,810	1,214	1,053	842	359	328	491	383	337	259
3. 2000	XXX	2,257	1,371	1,237	556	382	714	588	450	241
4. 2001	XXX	XXX	2,778	1,560	818	428	777	563	407	283
5. 2002	XXX	XXX	XXX	2,226	1,548	1,568	782	607	438	347
6. 2003	XXX	XXX	XXX	XXX	3,014	2,293	1,159	744	637	456
7. 2004	XXX	XXX	XXX	XXX	XXX	3,794	2,445	1,457	1,005	736
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	5,003	2,910	1,664	1,201
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,381	2,722	1,888
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,360	3,403
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,278

SCHEDULE P - PART 4H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

1. Prior	216	37		1,002	1,021		4	7	5	7
2. 1999	566	205	29		67	32	7	5	2	2
3. 2000	XXX	665	180		169	97	23	14	6	9
4. 2001	XXX	XXX	602	506	197	226	46	17	9	10
5. 2002	XXX	XXX	XXX	1,110	176	510	117	70	32	33
6. 2003	XXX	XXX	XXX	XXX	833	960	55	90	29	15
7. 2004	XXX	XXX	XXX	XXX	XXX	1,299	196	140	83	46
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,034	281	116	110
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,034	235	169
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,095	387
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,379

**SCHEDULE P - PART 4I - SPECIAL PROPERTY
(FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1999	2 2000	3 2001	4 2002	5 2003	5 2004	7 2005	8 2006	9 2007	10 2008
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	782	231	111
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	551	37
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	732

SCHEDULE P - PART 4J - AUTO PHYSICAL DAMAGE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,106	(229)	(58)
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,762	(47)
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,979

SCHEDULE P - PART 4K - FIDELITY/SURETY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,069	2,361	827
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,621	1,683
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,357

SCHEDULE P - PART 4L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX		(0)	
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4M - INTERNATIONAL

1. Prior										
2. 1999										
3. 2000	XXX									
4. 2001	XXX	XXX								
5. 2002	XXX	XXX	XXX							
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 4N - REINSURANCE

Nonproportional Assumed Property

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
1. Prior	30	10	10							
2. 1999	1	1	1							
3. 2000	XXX	1	1							
4. 2001	XXX	XXX	1							
5. 2002	XXX	XXX	XXX							
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4O - REINSURANCE

Nonproportional Assumed Liability

1. Prior	7,429	6,641	6,714	4,930	3,857	2,970	2,853	3,123	4,181	3,827
2. 1999	4	4	4							
3. 2000	XXX	4	4							
4. 2001	XXX	XXX	4							
5. 2002	XXX	XXX	XXX							
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4P - REINSURANCE

Nonproportional Assumed Financial Lines

1. Prior	4									
2. 1999	0									
3. 2000	XXX									
4. 2001	XXX	XXX								
5. 2002	XXX	XXX	XXX							
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 4R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
1. Prior	399	240	300	7	21	58	34	88	6	49
2. 1999	57	55	59	11	8	11	10	15	3	1
3. 2000	XXX	55	74	19	14	17	15	17	7	3
4. 2001	XXX	XXX	91	22	20	23	22	16	5	5
5. 2002	XXX	XXX	XXX	88	56	43	30	18	6	6
6. 2003	XXX	XXX	XXX	XXX	90	75	61	26	11	8
7. 2004	XXX	XXX	XXX	XXX	XXX	139	76	30	9	10
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	89	33	10	12
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	62	31	16
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60	39
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	62

SCHEDULE P - PART 4R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior					(0)	(1)	(1)	12	0	0
2. 1999										
3. 2000	XXX			0						
4. 2001	XXX	XXX								
5. 2002	XXX	XXX	XXX	(0)	(0)					
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0	0
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

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

SCHEDULE P - PART 5A - HOMEOWNERS/FARMOWNERS

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	986	99	35	20	12	14	4	3	2	2
2. 1999	5,916	6,721	6,773	6,791	6,797	6,800	6,802	6,803	6,803	6,804
3. 2000	XXX	5,205	6,169	6,234	6,253	6,259	6,262	6,263	6,264	6,264
4. 2001	XXX	XXX	5,052	5,997	6,072	6,093	6,100	6,102	6,104	6,104
5. 2002	XXX	XXX	XXX	3,294	3,892	3,938	3,950	3,956	3,959	3,960
6. 2003	XXX	XXX	XXX	XXX	2,436	2,939	2,983	2,995	2,999	3,002
7. 2004	XXX	XXX	XXX	XXX	XXX	1,647	2,240	2,304	2,321	2,325
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,385	1,860	1,907	1,916
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,569	2,233	2,275
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,556	2,026
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,239

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	126	61	38	26	19	13	7	5	4	3
2. 1999	456	63	29	13	7	4	2	1	1	1
3. 2000	XXX	292	77	29	13	6	3	1	1	1
4. 2001	XXX	XXX	472	93	32	11	4	2	2	1
5. 2002	XXX	XXX	XXX	292	59	19	10	5	2	1
6. 2003	XXX	XXX	XXX	XXX	362	52	16	6	3	1
7. 2004	XXX	XXX	XXX	XXX	XXX	444	72	19	6	3
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	397	49	13	6
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	438	44	12
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	351	38
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	522

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	730	51	32	19	13	6	2	2	1	2
2. 1999	7,235	7,846	7,883	7,891	7,895	7,898	7,899	7,899	7,899	7,899
3. 2000	XXX	5,645	6,487	6,522	6,530	6,533	6,534	6,534	6,535	6,535
4. 2001	XXX	XXX	5,787	6,467	6,495	6,501	6,503	6,504	6,505	6,506
5. 2002	XXX	XXX	XXX	3,870	4,315	4,330	4,335	4,337	4,338	4,338
6. 2003	XXX	XXX	XXX	XXX	2,991	3,238	3,252	3,256	3,258	3,259
7. 2004	XXX	XXX	XXX	XXX	XXX	2,205	2,473	2,488	2,493	2,495
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,965	2,154	2,168	2,172
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,203	2,530	2,544
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,071	2,279
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,999

SCHEDULE P - PART 5B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	2,673	549	199	89	36	14	6	3	1	1
2. 1999	7,161	9,421	9,784	9,934	9,994	10,017	10,025	10,028	10,029	10,030
3. 2000	XXX	6,767	8,745	9,173	9,335	9,392	9,417	9,426	9,430	9,431
4. 2001	XXX	XXX	6,004	8,037	8,446	8,585	8,635	8,653	8,660	8,663
5. 2002	XXX	XXX	XXX	6,146	8,389	8,764	8,910	8,958	8,977	8,983
6. 2003	XXX	XXX	XXX	XXX	6,929	8,965	9,387	9,536	9,595	9,613
7. 2004	XXX	XXX	XXX	XXX	XXX	6,963	9,185	9,627	9,785	9,830
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	7,424	9,666	10,105	10,238
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,954	9,013	9,356
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,625	8,532
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,709

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	1,008	428	182	78	38	34	13	10	8	7
2. 1999	2,088	667	287	115	46	23	8	5	3	2
3. 2000	XXX	1,689	732	297	119	43	18	9	4	3
4. 2001	XXX	XXX	1,684	683	257	81	32	14	6	4
5. 2002	XXX	XXX	XXX	1,821	697	215	77	31	11	5
6. 2003	XXX	XXX	XXX	XXX	2,016	599	228	87	30	12
7. 2004	XXX	XXX	XXX	XXX	XXX	1,691	637	231	80	33
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,725	611	207	81
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,504	519	210
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,492	529
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,301

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	1,430	143	52	19	7	2	1	0	1	0
2. 1999	10,125	11,423	11,555	11,596	11,608	11,610	11,612	11,612	11,612	11,612
3. 2000	XXX	8,903	10,345	10,486	10,529	10,537	10,541	10,542	10,542	10,542
4. 2001	XXX	XXX	8,046	9,516	9,659	9,686	9,694	9,696	9,697	9,698
5. 2002	XXX	XXX	XXX	8,376	9,975	10,068	10,093	10,101	10,103	10,104
6. 2003	XXX	XXX	XXX	XXX	9,402	10,780	10,884	10,912	10,919	10,921
7. 2004	XXX	XXX	XXX	XXX	XXX	8,976	10,420	10,522	10,546	10,553
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	9,509	10,934	11,026	11,052
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,791	10,124	10,213
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,449	9,686
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,333

**SCHEDULE P - PART 5C - COMMERCIAL AUTO/TRUCK
LIABILITY/MEDICAL**

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	380	89	36	15	8	4	1	0	1	0
2. 1999	1,011	1,314	1,379	1,406	1,417	1,423	1,426	1,427	1,427	1,428
3. 2000	XXX	1,000	1,317	1,383	1,407	1,419	1,424	1,426	1,428	1,428
4. 2001	XXX	XXX	727	952	1,000	1,018	1,027	1,032	1,033	1,034
5. 2002	XXX	XXX	XXX	502	681	716	731	738	742	742
6. 2003	XXX	XXX	XXX	XXX	418	576	615	631	637	640
7. 2004	XXX	XXX	XXX	XXX	XXX	414	582	622	638	644
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	449	624	664	678
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	468	664	701
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	517	707
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	459

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	188	94	41	20	10	7	5	4	4	4
2. 1999	382	139	62	27	12	5	2	1	1	0
3. 2000	XXX	434	138	59	28	11	5	2	1	1
4. 2001	XXX	XXX	319	97	42	18	9	4	2	1
5. 2002	XXX	XXX	XXX	227	77	27	13	6	2	1
6. 2003	XXX	XXX	XXX	XXX	229	64	26	11	4	2
7. 2004	XXX	XXX	XXX	XXX	XXX	184	64	27	10	4
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	182	59	25	11
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	199	64	30
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	206	78
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	188

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	209	26	12	5	2	2	0	0	0	1
2. 1999	1,724	1,894	1,923	1,932	1,934	1,936	1,936	1,936	1,936	1,936
3. 2000	XXX	1,696	1,891	1,915	1,922	1,925	1,926	1,926	1,927	1,927
4. 2001	XXX	XXX	1,314	1,431	1,446	1,452	1,455	1,455	1,455	1,455
5. 2002	XXX	XXX	XXX	928	1,036	1,050	1,056	1,057	1,058	1,058
6. 2003	XXX	XXX	XXX	XXX	879	965	980	983	984	984
7. 2004	XXX	XXX	XXX	XXX	XXX	655	745	754	756	757
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	688	776	786	788
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	719	820	830
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	779	887
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	704

SCHEDULE P - PART 5D - WORKERS' COMPENSATION

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	821	187	97	55	35	29	24	18	18	14
2. 1999	1,433	2,100	2,233	2,291	2,316	2,331	2,340	2,346	2,351	2,355
3. 2000	XXX	1,359	2,104	2,222	2,275	2,300	2,317	2,328	2,335	2,339
4. 2001	XXX	XXX	851	1,168	1,301	1,334	1,360	1,371	1,378	1,383
5. 2002	XXX	XXX	XXX	394	961	991	1,007	1,016	1,022	1,025
6. 2003	XXX	XXX	XXX	XXX	381	504	526	537	544	546
7. 2004	XXX	XXX	XXX	XXX	XXX	186	295	313	323	328
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	174	276	291	299
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	165	265	281
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	171	275
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	175

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	490	337	217	168	142	223	207	194	180	169
2. 1999	937	290	139	81	58	39	30	24	19	16
3. 2000	XXX	997	279	151	99	57	41	31	24	20
4. 2001	XXX	XXX	669	383	322	68	42	32	24	19
5. 2002	XXX	XXX	XXX	296	191	43	28	20	14	11
6. 2003	XXX	XXX	XXX	XXX	243	48	29	19	12	9
7. 2004	XXX	XXX	XXX	XXX	XXX	121	42	25	16	11
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	116	36	22	15
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	115	35	20
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	120	39
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	109

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	328	79	27	20	17	54	11	10	6	6
2. 1999	2,793	3,102	3,144	3,159	3,166	3,169	3,170	3,171	3,172	3,173
3. 2000	XXX	2,789	3,085	3,119	3,136	3,143	3,146	3,148	3,149	3,150
4. 2001	XXX	XXX	1,692	1,877	1,989	1,996	2,000	2,002	2,004	2,004
5. 2002	XXX	XXX	XXX	812	1,443	1,452	1,455	1,456	1,457	1,458
6. 2003	XXX	XXX	XXX	XXX	744	789	793	795	796	797
7. 2004	XXX	XXX	XXX	XXX	XXX	330	372	375	377	378
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	315	345	348	350
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	301	330	333
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	314	348
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	303

SCHEDULE P - PART 5E - COMMERCIAL MULTIPLE PERIL

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	598	156	100	73	57	41	27	19	12	7
2. 1999	1,594	2,104	2,170	2,200	2,217	2,229	2,236	2,241	2,246	2,249
3. 2000	XXX	1,652	2,107	2,176	2,206	2,224	2,232	2,236	2,241	2,243
4. 2001	XXX	XXX	1,266	1,614	1,665	1,689	1,704	1,711	1,714	1,718
5. 2002	XXX	XXX	XXX	844	1,089	1,127	1,145	1,156	1,161	1,164
6. 2003	XXX	XXX	XXX	XXX	664	851	893	912	922	927
7. 2004	XXX	XXX	XXX	XXX	XXX	623	896	940	960	970
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	539	770	809	826
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	507	718	751
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	510	699
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	577

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	368	282	205	176	169	85	67	54	50	46
2. 1999	538	161	83	47	29	16	13	9	6	4
3. 2000	XXX	588	158	75	40	19	13	10	5	4
4. 2001	XXX	XXX	456	118	62	29	16	10	7	4
5. 2002	XXX	XXX	XXX	331	89	37	21	12	7	4
6. 2003	XXX	XXX	XXX	XXX	303	65	37	20	11	6
7. 2004	XXX	XXX	XXX	XXX	XXX	236	75	38	21	12
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	224	63	35	20
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	187	59	30
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	190	62
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	212

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	489	149	143	138	118	65	35	22	19	9
2. 1999	2,942	3,283	3,350	3,380	3,400	3,414	3,424	3,430	3,433	3,436
3. 2000	XXX	2,850	3,240	3,302	3,326	3,338	3,347	3,352	3,355	3,358
4. 2001	XXX	XXX	2,441	2,726	2,771	2,788	2,796	2,801	2,804	2,807
5. 2002	XXX	XXX	XXX	1,735	1,927	1,957	1,969	1,975	1,978	1,980
6. 2003	XXX	XXX	XXX	XXX	1,483	1,636	1,667	1,678	1,683	1,685
7. 2004	XXX	XXX	XXX	XXX	XXX	943	1,129	1,153	1,163	1,168
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	868	1,001	1,025	1,034
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	783	924	942
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	799	923
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	901

SCHEDULE P - PART 5F - MEDICAL MALPRACTICE - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1999			0	0	0	0	0	0	0	0
3. 2000	XXX		0	0	0	0	0	1	1	1
4. 2001	XXX	XXX	0	0	0	0	0	0	0	0
5. 2002	XXX	XXX	XXX				0	0	0	0
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	0	0	0							
2. 1999		0	0	0		0				
3. 2000	XXX	0	0	1	0	0	0			
4. 2001	XXX	XXX	0	1	0	0	0	0		
5. 2002	XXX	XXX	XXX		0	0	0	0		
6. 2003	XXX	XXX	XXX	XXX			0	0	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 3A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	1	0	0	0	0	0	0	0	0	0
2. 1999	0	1	1	1	1	1	1	1	1	1
3. 2000	XXX	1	1	1	1	1	1	1	1	1
4. 2001	XXX	XXX	0	1	1	1	1	1	1	1
5. 2002	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2003	XXX	XXX	XXX	XXX			0	0	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 5F - MEDICAL MALPRACTICE - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	4	2	0	(1)	0					
2. 1999	2	5	7	7	7	7	7	7	7	7
3. 2000	XXX	3	7	9	10	10	10	10	10	10
4. 2001	XXX	XXX	4	9	11	12	12	12	12	12
5. 2002	XXX	XXX	XXX	4	9	10	11	11	11	11
6. 2003	XXX	XXX	XXX	XXX	1	1	2	2	2	2
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX			0	0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	4	1	0	0						
2. 1999	9	3	1	0	0					
3. 2000	XXX	13	5	2	0	0	0	0		
4. 2001	XXX	XXX	18	6	2	1	0	0	0	0
5. 2002	XXX	XXX	XXX	15	5	3	1	1	0	0
6. 2003	XXX	XXX	XXX	XXX	2	1	0	0	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0		
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	0									
2. 1999	18	18	18	18	18	18	18	18	18	18
3. 2000	XXX	25	25	25	25	25	25	25	25	25
4. 2001	XXX	XXX	30	30	30	30	30	30	30	30
5. 2002	XXX	XXX	XXX	30	30	30	30	30	30	30
6. 2003	XXX	XXX	XXX	XXX	4	4	4	4	4	4
7. 2004	XXX	XXX	XXX	XXX	XXX	1	1	1	1	1
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1	1	1	1
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

SCHEDULE P - PART 5H - OTHER LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	124	81	45	36	46	17	13	12	8	6
2. 1999	151	215	230	240	244	248	251	252	256	256
3. 2000	XXX	140	194	209	217	222	225	227	228	230
4. 2001	XXX	XXX	112	154	166	174	178	180	181	183
5. 2002	XXX	XXX	XXX	79	111	122	129	131	133	134
6. 2003	XXX	XXX	XXX	XXX	65	92	101	107	111	113
7. 2004	XXX	XXX	XXX	XXX	XXX	59	87	95	101	105
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	56	80	89	95
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55	82	90
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55	87
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	193	169	146	144	126	63	53	43	38	36
2. 1999	78	40	24	14	9	5	4	4	2	2
3. 2000	XXX	81	37	22	14	6	4	3	2	1
4. 2001	XXX	XXX	63	29	17	8	5	4	2	2
5. 2002	XXX	XXX	XXX	47	25	12	7	5	3	3
6. 2003	XXX	XXX	XXX	XXX	44	19	13	7	3	2
7. 2004	XXX	XXX	XXX	XXX	XXX	30	17	11	7	3
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	24	16	10	6
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25	14	9
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	38	19
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	38

SECTION 3A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	150	113	83	83	46	43	25	14	8	7
2. 1999	310	374	392	402	407	415	421	425	427	429
3. 2000	XXX	296	359	376	386	393	398	401	402	403
4. 2001	XXX	XXX	231	282	297	307	312	314	316	317
5. 2002	XXX	XXX	XXX	172	209	227	235	237	239	241
6. 2003	XXX	XXX	XXX	XXX	153	188	205	210	212	213
7. 2004	XXX	XXX	XXX	XXX	XXX	105	142	152	155	157
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	95	125	132	136
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	91	119	126
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	109	139
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	116

SCHEDULE P - PART 5H - OTHER LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	7	2	1	1	0	0	0			
2. 1999	5	11	13	15	15	16	16	16	16	16
3. 2000	XXX	6	11	15	17	17	18	18	18	18
4. 2001	XXX	XXX	8	17	22	24	25	26	26	26
5. 2002	XXX	XXX	XXX	8	16	22	24	25	25	25
6. 2003	XXX	XXX	XXX	XXX	3	7	10	10	11	11
7. 2004	XXX	XXX	XXX	XXX	XXX	2	4	5	6	6
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	2	4	5	6
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	4	5
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3	5
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	11	5	3	1	1	0	0	0	0	0
2. 1999	21	9	4	2	1	1	0	0	0	0
3. 2000	XXX	22	10	5	2	1	1	1	0	0
4. 2001	XXX	XXX	32	15	7	3	2	1	1	0
5. 2002	XXX	XXX	XXX	36	15	6	3	2	1	1
6. 2003	XXX	XXX	XXX	XXX	14	5	2	1	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	8	4	2	1	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	6	3	1	1
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5	2	1
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6	3
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5

SECTION 3B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior										
2. 1999	42	42	42	42	42	42	42	42	42	42
3. 2000	XXX	47	47	47	47	47	47	47	47	47
4. 2001	XXX	XXX	73	73	73	73	73	73	73	73
5. 2002	XXX	XXX	XXX	69	69	69	69	69	69	69
6. 2003	XXX	XXX	XXX	XXX	31	31	31	31	31	31
7. 2004	XXX	XXX	XXX	XXX	XXX	17	17	17	17	17
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	13	13	13	13
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14	14	14
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15	15
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14

SCHEDULE P - PART 5R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	4	4	2	1	1	2	1	1	2	0
2. 1999	2	4	4	4	4	5	5	5	6	6
3. 2000	XXX	3	4	4	4	4	5	5	5	5
4. 2001	XXX	XXX	0	0	0	1	1	1	1	1
5. 2002	XXX	XXX	XXX	0	0	0	1	1	1	1
6. 2003	XXX	XXX	XXX	XXX		1	1	1	1	1
7. 2004	XXX	XXX	XXX	XXX	XXX	1	2	2	2	2
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1	2	2	2
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	2	2
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	1
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	13	17	6	5	6	10	10	8	7	8
2. 1999	2	1	0	0	0	0	1	1	1	1
3. 2000	XXX	2	1	0	0	1	0	0	0	0
4. 2001	XXX	XXX	0	0	0	0	0	0	0	0
5. 2002	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2003	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	1	0	0	0	0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1	0	0	0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	1	1
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	0
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2

SECTION 3A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	7	12	2	2	2	7	3	2	3	2
2. 1999	5	7	7	7	7	8	9	10	11	11
3. 2000	XXX	6	7	7	7	8	8	8	8	8
4. 2001	XXX	XXX	1	2	2	2	2	3	3	3
5. 2002	XXX	XXX	XXX	0	0	1	1	1	1	2
6. 2003	XXX	XXX	XXX	XXX	0	1	1	2	2	2
7. 2004	XXX	XXX	XXX	XXX	XXX	2	3	3	3	3
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	3	3	3	4
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3	4	4
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4	5
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4

SCHEDULE P - PART 5R - PRODUCTS LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior	0									
2. 1999										
3. 2000	XXX	0	0	0	0	0	0	0	0	0
4. 2001	XXX	XXX								
5. 2002	XXX	XXX	XXX							
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior										
2. 1999										
3. 2000	XXX									
4. 2001	XXX	XXX								
5. 2002	XXX	XXX	XXX							
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

SECTION 3B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1. Prior										
2. 1999										
3. 2000	XXX	0	0	0	0	0	0	0	0	0
4. 2001	XXX	XXX								
5. 2002	XXX	XXX	XXX							
6. 2003	XXX	XXX	XXX	XXX						
7. 2004	XXX	XXX	XXX	XXX	XXX					
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

SCHEDULE P – PART 5T – WARRANTY

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
	NONE									
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
	NONE									
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
	NONE									
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

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

SCHEDULE P - PART 6C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1	2	3	4	5	6	7	8	9	10		
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	44	(12)	(4)									
2. 1999	14,666	14,727	14,717	14,717	14,717	14,717	14,717	14,717	14,717	14,717	14,717	
3. 2000	XXX	15,762	15,821	15,821	15,821	15,821	15,821	15,821	15,821	15,821	15,821	
4. 2001	XXX	XXX	14,216	14,216	14,216	14,216	14,216	14,216	14,216	14,216	14,216	
5. 2002	XXX	XXX	XXX	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	
6. 2003	XXX	XXX	XXX	XXX	13,731	13,731	13,731	13,731	13,731	13,731	13,731	
7. 2004	XXX	XXX	XXX	XXX	XXX	15,407	15,407	15,407	15,407	15,407	15,407	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	16,253	16,253	16,253	16,253	16,253	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,278	17,278	17,278	17,278	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,817	18,817	18,817	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,519	18,519	
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,519
13. Earned Premiums (Sch P, Part 1)	14,714	15,817	14,258	13,259	13,731	15,407	16,253	17,278	18,817	18,519	XXX	

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1	2	3	4	5	6	7	8	9	10		
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	4	0	(0)									
2. 1999	72	74	74	74	74	74	74	74	74	74	74	
3. 2000	XXX	71	73	73	73	73	73	73	73	73	73	
4. 2001	XXX	XXX	69	69	69	69	69	69	69	69	69	
5. 2002	XXX	XXX	XXX	63	63	63	63	63	63	63	63	
6. 2003	XXX	XXX	XXX	XXX	67	67	67	67	67	67	67	
7. 2004	XXX	XXX	XXX	XXX	XXX	107	107	107	107	107	107	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	98	98	98	98	98	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(58)	(58)	(58)	(58)	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	62	62	62	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	37	37	
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	37
13. Earned Premiums (Sch P, Part 1)	74	72	71	63	67	107	98	(58)	62	37	XXX	

SCHEDULE P - PART 6D - WORKERS' COMPENSATION

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1	2	3	4	5	6	7	8	9	10		
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	510	(64)	(18)									
2. 1999	17,130	17,850	17,789	17,789	17,789	17,789	17,789	17,789	17,789	17,789	17,789	
3. 2000	XXX	19,179	19,668	19,668	19,668	19,668	19,668	19,668	19,668	19,668	19,668	
4. 2001	XXX	XXX	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	
5. 2002	XXX	XXX	XXX	9,253	9,253	9,253	9,253	9,253	9,253	9,253	9,253	
6. 2003	XXX	XXX	XXX	XXX	7,569	7,569	7,569	7,569	7,569	7,569	7,569	
7. 2004	XXX	XXX	XXX	XXX	XXX	8,104	8,104	8,104	8,104	8,104	8,104	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	8,131	8,131	8,131	8,131	8,131	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,399	7,399	7,399	7,399	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,694	7,694	7,694	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,313	7,313	
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,313
13. Earned Premiums (Sch P, Part 1)	17,724	19,937	16,389	9,253	7,569	8,104	8,131	7,399	7,694	7,313	XXX	

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1	2	3	4	5	6	7	8	9	10		
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
1. Prior	1	(0)										
2. 1999	144	146	146	146	146	146	146	146	146	146	146	
3. 2000	XXX	158	161	161	161	161	161	161	161	161	161	
4. 2001	XXX	XXX	155	155	155	155	155	155	155	155	155	
5. 2002	XXX	XXX	XXX	323	323	323	323	323	323	323	323	
6. 2003	XXX	XXX	XXX	XXX	280	280	280	280	280	280	280	
7. 2004	XXX	XXX	XXX	XXX	XXX	264	264	264	264	264	264	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	298	298	298	298	298	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	301	301	301	301	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	251	251	251	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	226	226	
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	226
13. Earned Premiums (Sch P, Part 1)	147	161	158	323	280	264	298	301	251	226	XXX	

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

SCHEDULE P - PART 6E - COMMERCIAL MULTIPLE PERIL

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior	.402	.25									
2. 1999	30,022	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439	30,439	
3. 2000	XXX	31,407	31,785	31,785	31,785	31,785	31,785	31,785	31,785	31,785	
4. 2001	XXX	XXX	28,882	28,882	28,882	28,882	28,882	28,882	28,882	28,882	
5. 2002	XXX	XXX	XXX	27,266	27,266	27,266	27,266	27,266	27,266	27,266	
6. 2003	XXX	XXX	XXX	XXX	29,222	29,222	29,222	29,222	29,222	29,222	
7. 2004	XXX	XXX	XXX	XXX	XXX	33,958	33,958	33,958	33,958	33,958	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	34,678	34,678	34,678	34,678	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,795	32,795	32,795	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,823	32,823	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,799	31,799
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,799
13. Earned Premiums (Sch P, Part 1)	30,437	31,851	29,260	27,266	29,222	33,958	34,678	32,795	32,823	31,799	XXX

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior	.2	(1)									
2. 1999	614	616	616	616	616	616	616	616	616	616	
3. 2000	XXX	637	639	639	639	639	639	639	639	639	
4. 2001	XXX	XXX	651	651	651	651	651	651	651	651	
5. 2002	XXX	XXX	XXX	751	751	751	751	751	751	751	
6. 2003	XXX	XXX	XXX	XXX	765	765	765	765	765	765	
7. 2004	XXX	XXX	XXX	XXX	XXX	951	951	951	951	951	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	956	956	956	956	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	981	981	981	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,062	1,062	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,250	1,250
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,250
13. Earned Premiums (Sch P, Part 1)	617	640	653	751	765	951	956	981	1,062	1,250	XXX

SCHEDULE P - PART 6H - OTHER LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior	.67	.17	(12)								
2. 1999	8,274	8,323	8,340	8,340	8,340	8,340	8,340	8,340	8,340	8,340	
3. 2000	XXX	9,100	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	
4. 2001	XXX	XXX	8,693	8,693	8,693	8,693	8,693	8,693	8,693	8,693	
5. 2002	XXX	XXX	XXX	8,701	8,701	8,701	8,701	8,701	8,701	8,701	
6. 2003	XXX	XXX	XXX	XXX	9,892	9,892	9,892	9,892	9,892	9,892	
7. 2004	XXX	XXX	XXX	XXX	XXX	10,700	10,700	10,700	10,700	10,700	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	11,145	11,145	11,145	11,145	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,917	10,917	10,917	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,726	11,726	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,639	11,639
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,639
13. Earned Premiums (Sch P, Part 1)	8,326	9,152	8,733	8,701	9,892	10,700	11,145	10,917	11,726	11,639	XXX

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior	.20	.4									
2. 1999	1,796	1,813	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	
3. 2000	XXX	1,606	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	
4. 2001	XXX	XXX	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	
5. 2002	XXX	XXX	XXX	323	323	323	323	323	323	323	
6. 2003	XXX	XXX	XXX	XXX	942	942	942	942	942	942	
7. 2004	XXX	XXX	XXX	XXX	XXX	899	899	899	899	899	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	296	296	296	296	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	238	238	238	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	305	305	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	166	166
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	166
13. Earned Premiums (Sch P, Part 1)	1,815	1,625	1,163	323	942	899	296	238	305	166	XXX

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

SCHEDULE P - PART 6H - OTHER LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior		(0)									
2. 1999	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393	
3. 2000	XXX	2,792	2,792	2,792	2,792	2,792	2,792	2,792	2,792	2,792	
4. 2001	XXX	XXX	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238	
5. 2002	XXX	XXX	XXX	2,765	2,765	2,765	2,765	2,765	2,765	2,765	
6. 2003	XXX	XXX	XXX	XXX	2,195	2,195	2,195	2,195	2,195	2,195	
7. 2004	XXX	XXX	XXX	XXX	XXX	2,046	2,046	2,046	2,046	2,046	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,940	1,940	1,940	1,940	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,949	1,949	1,949	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,996	1,996	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,011	2,011
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,011
13. Earned Premiums (Sch P, Part 1)	2,395	2,792	3,238	2,765	2,195	2,046	1,940	1,949	1,996	2,011	XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999	236	236	236	236	236	236	236	236	236	236	
3. 2000	XXX	249	249	249	249	249	249	249	249	249	
4. 2001	XXX	XXX	450	450	450	450	450	450	450	450	
5. 2002	XXX	XXX	XXX	486	486	486	486	486	486	486	
6. 2003	XXX	XXX	XXX	XXX	417	417	417	417	417	417	
7. 2004	XXX	XXX	XXX	XXX	XXX	88	88	88	88	88	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	38	38	38	38	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31	31	31	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8	8	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25	25
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25
13. Earned Premiums (Sch P, Part 1)	237	249	450	486	417	88	38	31	8	25	XXX

SCHEDULE P - PART 6M - INTERNATIONAL

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999											
3. 2000	XXX										
4. 2001	XXX	XXX									
5. 2002	XXX	XXX	XXX								
6. 2003	XXX	XXX	XXX	XXX							
7. 2004	XXX	XXX	XXX	XXX	XXX						
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)											XXX

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999											
3. 2000	XXX										
4. 2001	XXX	XXX									
5. 2002	XXX	XXX	XXX								
6. 2003	XXX	XXX	XXX	XXX							
7. 2004	XXX	XXX	XXX	XXX	XXX						
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)											XXX

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

SCHEDULE P - PART 6N - REINSURANCE - NONPROPORTIONAL ASSUMED PROPERTY

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999											
3. 2000	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	
4. 2001	XXX	XXX									
5. 2002	XXX	XXX	XXX								
6. 2003	XXX	XXX	XXX	XXX							
7. 2004	XXX	XXX	XXX	XXX	XXX						
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)		0									XXX

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999											
3. 2000	XXX										
4. 2001	XXX	XXX									
5. 2002	XXX	XXX	XXX								
6. 2003	XXX	XXX	XXX	XXX							
7. 2004	XXX	XXX	XXX	XXX	XXX						
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)		0									XXX

SCHEDULE P - PART 6O - REINSURANCE B - NONPROPORTIONAL ASSUMED LIABILITY

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
3. 2000	XXX	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)
4. 2001	XXX	XXX	3	3	3	3	3	3	3	3	3
5. 2002	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2003	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2004	XXX	XXX	XXX	XXX	XXX	.3	.3	.3	.3	.3	.3
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	.1	.1	.1	.1	.1
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.1	.1
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1
13. Earned Premiums (Sch P, Part 1)	(4)	(26)	3	0	0	3	1	0	0	1	XXX

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2000	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2001	XXX	XXX	1	1	1	1	1	1	1	1	1
5. 2002	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2003	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2004	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
13. Earned Premiums (Sch P, Part 1)	0	0	1	0	0	0	0	0	0	0	XXX

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

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior		(0)									
2. 1999	221	220	219	219	219	219	219	219	219	219	
3. 2000	XXX	248	247	247	247	247	247	247	247	247	
4. 2001	XXX	XXX	256	256	256	256	256	256	256	256	
5. 2002	XXX	XXX	XXX	275	275	275	275	275	275	275	
6. 2003	XXX	XXX	XXX	XXX	314	314	314	314	314	314	
7. 2004	XXX	XXX	XXX	XXX	XXX	326	326	326	326	326	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	267	267	267	267	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	256	256	256	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	290	290	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	285	285
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	285
13. Earned Premiums (Sch P, Part 1)	220	247	256	275	314	326	267	256	290	285	XXX

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior	(0)	0									
2. 1999	1	1	1	1	1	1	1	1	1	1	
3. 2000	XXX	0	0	0	0	0	0	0	0	0	
4. 2001	XXX	XXX									
5. 2002	XXX	XXX	XXX								
6. 2003	XXX	XXX	XXX	XXX							
7. 2004	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1	1	1	1	
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	1	1	
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	1	
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	1
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1
13. Earned Premiums (Sch P, Part 1)	1	0				0	1	1	1	1	XXX

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999	1	1	1	1	1	1	1	1	1	1	
3. 2000	XXX	2	2	2	2	2	2	2	2	2	
4. 2001	XXX	XXX									
5. 2002	XXX	XXX	XXX								
6. 2003	XXX	XXX	XXX	XXX							
7. 2004	XXX	XXX	XXX	XXX	XXX						
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)	1	2									XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	
1. Prior											
2. 1999											
3. 2000	XXX										
4. 2001	XXX	XXX									
5. 2002	XXX	XXX	XXX								
6. 2003	XXX	XXX	XXX	XXX							
7. 2004	XXX	XXX	XXX	XXX	XXX						
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)											XXX

Schedule P - Part 7A - Section 1

NONE

Schedule P - Part 7A - Section 2

NONE

Schedule P - Part 7A - Section 3

NONE

Schedule P - Part 7A - Section 4

NONE

Schedule P - Part 7A - Section 5

NONE

Schedule P - Part 7B - Section 1

NONE

Schedule P - Part 7B - Section 2

NONE

Schedule P - Part 7B - Section 3

NONE

Schedule P - Part 7B - Section 4

NONE

Schedule P - Part 7B - Section 5

NONE

Schedule P - Part 7B - Section 6

NONE

Schedule P - Part 7B - Section 7

NONE

SCHEDULE P INTERROGATORIES

- 1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Malpractice Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.
- 1.1 Does the company issue Medical Malpractice Claims Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes [] No [X]
If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions:
- 1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)?.....
- 1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes [] No []
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes [] No []
- 1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A – Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes [] No []
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred		DDR Reserve Included in Schedule P, Part 1F, Medical Malpractice Column 24: Total Net Losses and Expenses Unpaid	
		1	2
		Section 1: Occurrence	Section 2: Claims-Made
1.601	Prior		
1.602	1999		
1.603	2000		
1.604	2001		
1.605	2002		
1.606	2003		
1.607	2004		
1.608	2005		
1.609	2006		
1.610	2007		
1.611	2008		
1.612	Totals		

- 2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No []
- 3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Answer: Yes [X] No []
- 4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [X] No []

If Yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.
- 5. What were the net premiums in force at the end of the year for:
(in thousands of dollars)

5.1 Fidelity	.....43
5.2 Surety	.....25,066
- 6. Claim count information is reported per claim or per claimant (Indicate which).....CLAIM
If not the same in all years, explain in Interrogatory 7.
- 7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [] No [X]
- 7.2 An extended statement may be attached.
.....

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

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama	AL	L	29,998,112	28,915,875	14,515,884	15,791,435	11,141,155	118,558		
2. Alaska	AK	L	11,238,201	11,255,089	6,188,381	7,221,019	6,053,314	44,415		
3. Arizona	AZ	L	524,694	448,878	136,808	339,839	253,418	2,074		
4. Arkansas	AR	L	26,650,535	26,679,039	14,122,144	15,216,515	8,208,613	105,327		
5. California	CA	L	94,434,874	93,708,601	32,866,008	25,530,914	44,599,445	373,223		
6. Colorado	CO	L	(17,881)	316,459	1,596,911	(264,489)	1,471,499	(71)		
7. Connecticut	CT	L	87,182,159	87,894,361	52,398,585	53,169,378	88,745,060	344,559		
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	L	128,433,131	123,328,148	69,163,544	82,222,306	67,799,885	507,590		
11. Georgia	GA	L	15,063,190	15,647,954	9,552,645	8,604,679	6,327,377	59,532		
12. Hawaii	HI	N								
13. Idaho	ID	L	52,456,856	41,823,780	15,241,344	25,260,663	10,320,273	207,319		
14. Illinois	IL	L	99,726,988	95,939,241	53,265,691	63,009,954	45,204,703	394,138		
15. Indiana	IN	L	17,612,749	18,939,605	14,677,842	10,174,403	13,340,914	69,609		
16. Iowa	IA	L	225,445	201,598	117,147	65,417	28,658	891		
17. Kansas	KS	L	331,862	282,433	119,905	200,826	128,834	1,312		
18. Kentucky	KY	L	60,850,949	64,747,101	41,235,230	38,813,196	26,771,184	240,493		
19. Louisiana	LA	L	329,234	298,130	233,596	125,016	205,436	1,301		
20. Maine	ME	N								
21. Maryland	MD	L	10,419,696	10,699,502	7,644,143	6,278,809	7,061,594	41,180		
22. Massachusetts	MA	N								
23. Michigan	MI	L	33,156,541	34,543,444	23,895,667	25,823,198	45,228,102	131,040		
24. Minnesota	MN	L	12,101,903	11,924,824	11,290,321	11,454,032	6,699,313	47,829		
25. Mississippi	MS	L	32,073,785	30,789,265	13,779,581	17,083,651	12,323,187	126,761		
26. Missouri	MO	L	117,741,176	120,830,487	67,049,071	69,890,346	52,993,238	465,333		
27. Montana	MT	L	56,435,074	57,051,633	29,388,418	30,434,590	27,776,895	223,041		
28. Nebraska	NE	L	7,852,497	7,759,054	4,479,645	4,100,787	2,884,781	31,034		
29. Nevada	NV	L	13,059,876	13,173,781	6,674,563	7,389,754	7,341,524	51,615		
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	L				(7,278)	(1,812)			
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	L	38,340,448	39,486,738	22,784,807	25,482,564	18,035,803	151,528		
37. Oklahoma	OK	L	511,033	397,214	182,791	199,968	102,117	2,020		
38. Oregon	OR	L	4,026,771	3,966,731	130,985	(38,835)	2,015,280	15,914		
39. Pennsylvania	PA	L	1,147,022	1,108,229	591,117	668,516	323,769	4,533		
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	L	59,815,611	57,276,647	32,195,712	31,748,580	21,894,673	236,402		
44. Texas	TX	L	38,358,579	41,142,978	23,436,674	23,776,907	12,627,451	441,150		
45. Utah	UT	L	7,488,499	7,451,553	4,437,931	5,269,904	4,446,871	29,596		
46. Vermont	VT	N								
47. Virginia	VA	L	7,841,654	8,181,191	3,796,937	4,419,536	2,816,121	30,992		
48. Washington	WA	L	254,550,007	258,673,924	134,018,204	132,735,155	165,080,566	1,006,025		
49. West Virginia	WV	N								
50. Wisconsin	WI	L	11,472,081	12,025,249	8,378,661	7,611,498	7,336,562	45,340		
51. Wyoming	WY	L	21,104,895	21,020,452	10,817,709	11,865,257	8,478,376	83,410		
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate other alien	OT	XXX								
59. Totals	(a)	36	1,352,538,249	1,347,929,186	730,404,603	761,668,011	736,064,179	5,635,013		
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX								
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)		XXX								

(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.

**SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN**

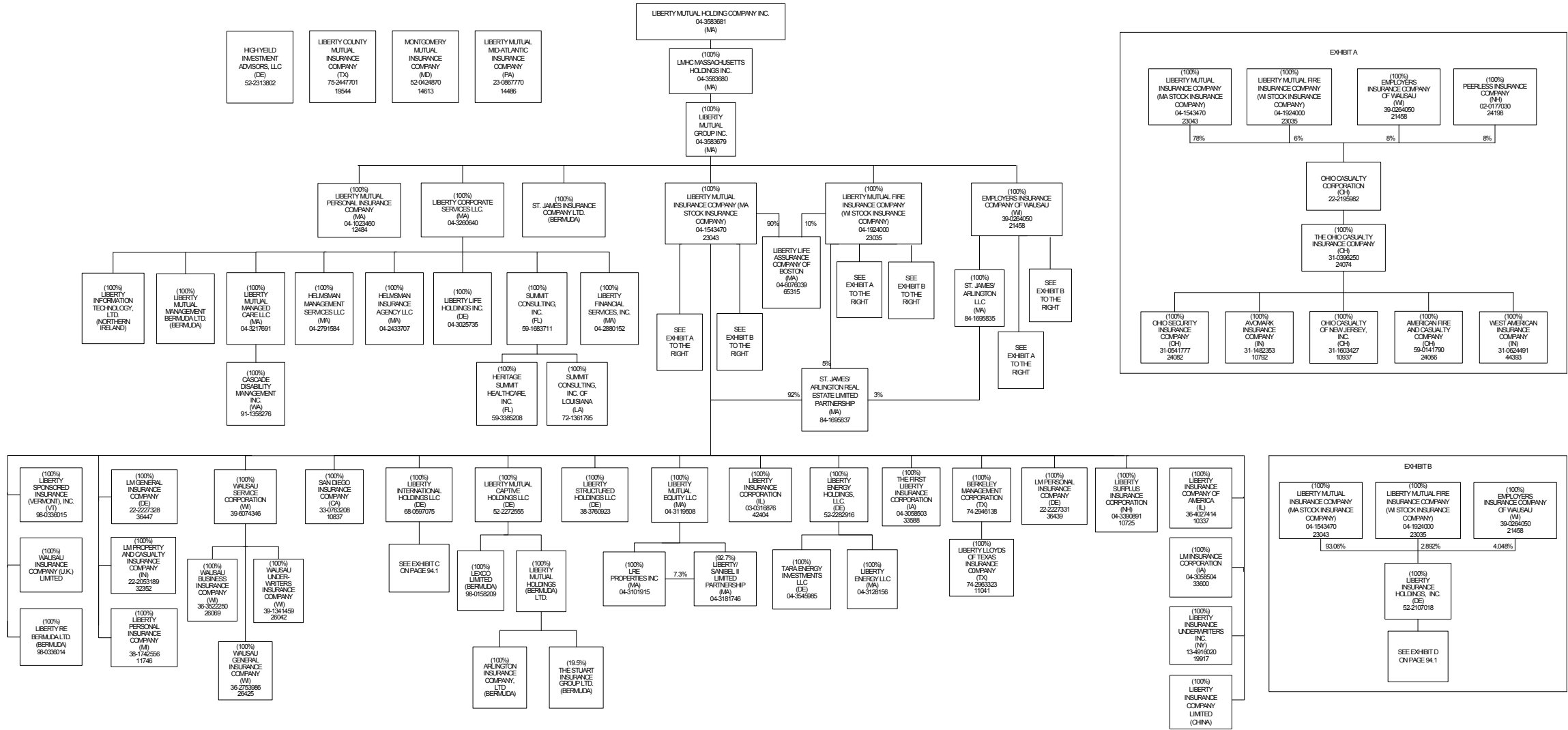
Allocated by States and Territories

States, Etc.	Direct Business Only					Totals
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama AL						
2. Alaska AK						
3. Arizona AZ						
4. Arkansas AR						
5. California CA						
6. Colorado CO						
7. Connecticut CT						
8. Delaware DE						
9. District of Columbia DC						
10. Florida FL						
11. Georgia GA						
12. Hawaii HI						
13. Idaho ID						
14. Illinois IL						
15. Indiana IN						
16. Iowa IA						
17. Kansas KS						
18. Kentucky KY						
19. Louisiana LA						
20. Maine ME						
21. Maryland MD						
22. Massachusetts MA						
23. Michigan MI						
24. Minnesota MN						
25. Mississippi MS						
26. Missouri MO						
27. Montana MT						
28. Nebraska NE						
29. Nevada NV						
30. New Hampshire NH						
31. New Jersey NJ						
32. New Mexico NM						
33. New York NY						
34. North Carolina NC						
35. North Dakota ND						
36. Ohio OH						
37. Oklahoma OK						
38. Oregon OR						
39. Pennsylvania PA						
40. Rhode Island RI						
41. South Carolina SC						
42. South Dakota SD						
43. Tennessee TN						
44. Texas TX						
45. Utah UT						
46. Vermont VT						
47. Virginia VA						
48. Washington WA						
49. West Virginia WV						
50. Wisconsin WI						
51. Wyoming WY						
52. American Samoa AS						
53. Guam GU						
54. Puerto Rico PR						
55. U.S. Virgin Islands VI						
56. Northern Mariana Islands MP						
57. Canada CN						
58. Aggregate Other Alien OT						
59. Totals						

NONE

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



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

SCHEDULE Y
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
	91-0742146	SAFECO Corporation	481,000,000	(57,167,271)	(36,205,767)				*	43,020,000	430,646,962	
24740	91-0742148	(P) SAFECO Insurance Company of America	(158,000,000)	57,167,271					*	(43,020,000)	(143,852,729)	(796,031,307)
24732	91-0231910	(P) General Insurance Company of America	(123,000,000)						*		(123,000,000)	(770,961,067)
24724	91-0742144	(P) First National Insurance Company of America							*			333,483,889
24759	91-0885519	(P) SAFECO National Insurance Company	(40,000,000)						*		(40,000,000)	(120,302,341)
39012	91-1115311	(P) SAFECO Insurance Company of Illinois	(15,000,000)						*		(15,000,000)	883,932,901
11070	91-6258394	(P) SAFECO Lloyds Insurance Company							*			73,708,044
11100	91-1231536	(P) SAFECO Surplus Lines Insurance Company							*			13,408,840
11071	93-1300233	(P) SAFECO Insurance Company of Oregon							*			103,403,290
11215	23-2640501	(P) SAFECO Insurance Company of Indiana							*			162,148,385
19704	35-0145400	(P) American States Insurance Company							*			343,412,031
19690	35-1044900	(P) American Economy Insurance Company	(107,000,000)						*		(107,000,000)	(251,535,701)
19712	75-6005586	(P) American States Insurance Company of Texas							*			87,537,659
31933	75-6220479	(P) American States Lloyds Insurance Company							*			(67,370,932)
37214	35-1466792	(P) American States Preferred Insurance Company	(38,000,000)		36,205,767				*		(1,794,233)	961,605
26700	36-2690333	(P) Insurance Company of Illinois							*			4,204,705
9999999 Control Totals												1

Safeco Insurance Company of America	33%
General Insurance Company of America	23%
American States Insurance Company	19%
American Economy Insurance Company	14%
Safeco Insurance Company of Illinois	5%
First National Insurance Company	2%
Safeco National Insurance Company	2%
American States Preferred Insurance Company	2%

95

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE SAFECO INSURANCE COMPANY OF ILLINOIS
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING		RESPONSES
1. Will an actuarial opinion be filed by March 1?		.....YES.....
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?		.....YES.....
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?		.....YES.....
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?		.....YES.....

APRIL FILING		
5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?		.....YES.....
6. Will Management's Discussion and Analysis be filed by April 1?		.....YES.....
7. Will the Supplemental Investment Risk Interrogatories be filed by April 1?		.....YES.....

MAY FILING		
8. Will this company be included in a combined annual statement which is filed with the NAIC by May 1?		.....YES.....

JUNE FILING		
9. Will an audited financial report be filed by June 1?		.....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING		
10. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?		.....NO.....
11. Will the Financial Guaranty Insurance Exhibit be filed March 1?		.....YES.....
12. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?		.....NO.....
13. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?		.....YES.....
14. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?		.....NO.....
15. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?		.....NO.....
16. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?		.....NO.....
17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?		.....NO.....
18. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required by March 15 (or the date otherwise specified)?		.....YES.....
19. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?		.....NO.....
20. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?		.....NO.....
APRIL FILING		
21. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?		.....NO.....
22. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?		.....NO.....
23. Will the Accident and Health Policy Experience Exhibit be filed by April 1?		.....YES.....

Explanation:

- 10.
- 12.
- 14.
- 15.

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE SAFECO INSURANCE COMPANY OF ILLINOIS
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

16.

17.











19.

20.

21.

22.

Bar Code:

10.	 3 9 0 1 2 2 0 0 8 4 2 0 0 0 0 0
12.	 3 9 0 1 2 2 0 0 8 3 6 0 5 9 0 0
14.	 3 9 0 1 2 2 0 0 8 4 9 0 0 0 0 0
15.	 3 9 0 1 2 2 0 0 8 3 8 5 0 0 0 0
16.	 3 9 0 1 2 2 0 0 8 4 0 1 0 0 0 0
17.	 3 9 0 1 2 2 0 0 8 3 6 5 0 0 0 0
19.	 3 9 0 1 2 2 0 0 8 3 9 9 0 0 0 0
20.	 3 9 0 1 2 2 0 0 8 4 0 0 0 0 0 0
21.	 3 9 0 1 2 2 0 0 8 2 3 0 5 9 0 0
22.	 3 9 0 1 2 2 0 0 8 3 3 0 5 9 0 0

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SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	2,130,628	0.461	2,130,628	0.461
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	2,755,994	0.596	2,755,994	0.596
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	1,131,548	0.245	1,131,548	0.245
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	15,960,857	3.452	15,960,857	3.452
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	26,739,450	5.783	26,739,450	5.783
1.43 Revenue and assessment obligations	167,958,856	36.326	167,958,856	36.326
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC	1,366,562	0.296	1,366,562	0.296
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	3,927,116	0.849	3,927,116	0.849
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other	18,149,945	3.925	18,149,945	3.925
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	65,955,078	14.265	65,955,078	14.265
2.2 Unaffiliated foreign securities	13,829,611	2.991	13,829,611	2.991
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	11,627,132	2.515	11,627,132	2.515
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated	32,768,072	7.087	32,768,072	7.087
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by the company				
5.2 Property held for the production of income (including \$ of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	123,101	0.027	123,101	0.027
8. Cash, cash equivalents and short-term investments	91,800,470	19.855	91,800,470	19.855
9. Other invested assets	6,139,473	1.328	6,139,473	1.328
10. Total invested assets	462,363,893	100.000	462,363,893	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31 of prior year.....
2. Cost of acquired:
 - 2.1 Actual cost at time of acquisition (Part 2, Column 6).....
 - 2.2 Additional investment made after acquisition (Part 2, Column 7).....
3. Current year change in encumbrances:
 - 3.1 Totals, Part 1, Column 13.....
 - 3.2 Totals, Part 3, Column 11.....
4. Total gain (loss) on disposals, Part 3, Column 18.....
5. Deduct amounts received on disposals, Part 3, Column 15.....
6. Total foreign exchange change in book/adjusted carrying value:
 - 6.1 Totals, Part 1, Column 15.....
 - 6.2 Totals, Part 3, Column 13.....
7. Deduct current year's other than temporary impairment recognized:
 - 7.1 Totals, Part 1, Column 12.....
 - 7.2 Totals, Part 3, Column 10.....
8. Deduct current year's depreciation:
 - 8.1 Totals, Part 1, Column 11.....
 - 8.2 Totals, Part 3, Column 9.....
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....
10. Deduct total nonadmitted amounts.....
11. Statement value at end of current period (Line 9 minus Line 10).....

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....
2. Cost of acquired:
 - 2.1 Actual cost at time of acquisition (Part 2, Column 7).....
 - 2.2 Additional investment made after acquisition (Part 2, Column 8).....
3. Capitalized deferred interest and other:
 - 3.1 Totals, Part 1, Column 12.....
 - 3.2 Totals, Part 3, Column 11.....
4. Accrual of discount.....
5. Unrealized valuation increase (decrease):
 - 5.1 Totals, Part 1, Column 9.....
 - 5.2 Totals, Part 3, Column 8.....
6. Total gain (loss) on disposals, Part 3, Column 18.....
7. Deduct amounts received on disposals, Part 3, Column 15.....
8. Deduct amortization of premium and mortgage interest points and commitment fees.....
9. Total foreign exchange change in book value/recorded investment excluding accrued interest:
 - 9.1 Totals, Part 1, Column 13.....
 - 9.2 Totals, Part 3, Column 13.....
10. Deduct current year's other than temporary impairment recognized:
 - 10.1 Totals, Part 1, Column 11.....
 - 10.2 Totals, Part 3, Column 10.....
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....
12. Total valuation allowance.....
13. Subtotal (Line 11 plus Line 12).....
14. Deduct total nonadmitted amounts.....
15. Statement value at end of current period (Line 13 minus Line 14).....

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year.....	6,402,353
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 8).....	
2.2 Additional investment made after acquisition (Part 2, Column 9).....	1,132,777
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 16.....	
3.2 Totals, Part 3, Column 12.....	
4. Accrual of discount.....	
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 13.....	
5.2 Totals, Part 3, Column 9.....	
6. Total gain (loss) on disposals, Part 3, Column 19.....	12,600
7. Deduct amounts received on disposals, Part 3, Column 16.....	1,408,257
8. Deduct amortization of premium and depreciation.....	
9. Total foreign exchange change in book/adjusted carrying value:	
9.1 Totals, Part 1, Column 17.....	
9.2 Totals, Part 3, Column 14.....	
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 15.....	
10.2 Totals, Part 3, Column 11.....	
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	6,139,473
12. Deduct total nonadmitted amounts.....	
13. Statement value at end of current period (Line 11 minus Line 12).....	6,139,473

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book /adjusted carrying value, December 31 of prior year.....	469,343,214
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	78,143,949
3. Accrual of discount.....	640,264
4. Unrealized valuation increase (decrease):	
4.1 Column 12, Part 1.....	(3,542,840)
4.2 Column 15, Part 2, Section 1.....	660,738
4.3 Column 13, Part 2, Section 2.....	988,072
4.4 Column 11, Part 4.....	(28,258,126)
5. Total gain (loss) on disposals, Column 19, Part 4.....	3,770,609
6. Deduction consideration for bonds and stocks disposed of, Column 7, Part 4.....	148,856,429
7. Deduct amortization of premium.....	1,398,663
8. Total foreign exchange change in book/adjusted carrying value:	
8.1 Column 15, Part 1.....	
8.2 Column 19, Part 2, Section 1.....	
8.3 Column 16, Part 2, Section 2.....	
8.4 Column 15, Part 4.....	
9. Deduct current year's other than temporary impairment recognized:	
9.1 Column 14, Part 1.....	1,257,244
9.2 Column 17, Part 2, Section 1.....	2,664,000
9.3 Column 14, Part 2, Section 2.....	
9.4 Column 13, Part 4.....	3,268,695
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	364,300,849
11. Deduct total nonadmitted amounts.....	
12. Statement value at end of current period (Line 10 minus Line 11).....	364,300,849

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	4,886,622	5,308,555	4,903,553	4,820,000
	2. Canada				
	3. Other Countries	1,131,548	1,292,524	1,186,396	936,879
	4. Totals	6,018,170	6,601,079	6,089,949	5,756,879
States, Territories and Possessions (Direct and guaranteed)	5. United States	15,960,857	16,403,528	16,353,087	15,125,000
	6. Canada				
	7. Other Countries				
	8. Totals	15,960,857	16,403,528	16,353,087	15,125,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	26,739,450	25,805,078	26,893,697	25,370,000
	10. Canada				
	11. Other Countries				
	12. Totals	26,739,450	25,805,078	26,893,697	25,370,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	173,252,534	161,470,819	174,667,728	173,661,523
	14. Canada				
	15. Other Countries				
	16. Totals	173,252,534	161,470,819	174,667,728	173,661,523
Public Utilities (unaffiliated)	17. United States	5,018,328	5,262,024	5,008,964	5,035,000
	18. Canada	3,558,217	3,306,183	3,615,210	3,525,000
	19. Other Countries				
	20. Totals	8,576,545	8,568,207	8,624,174	8,560,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	79,086,694	72,102,460	82,430,078	80,739,543
	22. Canada	4,010,439	4,085,619	3,974,860	4,000,000
	23. Other Countries	6,260,956	6,272,809	6,764,931	6,117,822
	24. Totals	89,358,089	82,460,888	93,169,869	90,857,365
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	319,905,645	301,309,599	325,798,504	319,330,767
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States	3,598,832	3,598,832	4,500,000	
	28. Canada				
	29. Other Countries				
	30. Totals	3,598,832	3,598,832	4,500,000	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	8,028,300	7,967,100	6,361,000	
	32. Canada				
	33. Other Countries				
	34. Totals	8,028,300	7,967,100	6,361,000	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	11,627,132	11,565,932	10,861,000	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals	32,768,072	32,768,072	26,080,363	
	54. Total Common Stocks	32,768,072	32,768,072	26,080,363	
	55. Total Stocks	44,395,204	44,334,004	36,941,363	
	56. Total Bonds and Stocks	364,300,849	345,643,603	362,739,867	

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

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, (Group 1)											
1.1 Class 1	2,879,504	2,102,433	1,544,979	3,359,706		9,886,622	2.4	17,333,365	5.0	9,886,623	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	2,879,504	2,102,433	1,544,979	3,359,706		9,886,622	2.4	17,333,365	5.0	9,886,623	
2. All Other Governments, (Group 2)											
2.1 Class 1	83,607	357,208	515,256	175,477		1,131,548	0.3	1,229,290	0.4	1,131,548	
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals	83,607	357,208	515,256	175,477		1,131,548	0.3	1,229,290	0.4	1,131,548	
3. States, Territories and Possessions etc., Guaranteed, (Group 3)											
3.1 Class 1	50,000	11,590,238	4,320,619			15,960,857	3.9	11,688,962	3.4	15,960,857	
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals	50,000	11,590,238	4,320,619			15,960,857	3.9	11,688,962	3.4	15,960,857	
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, (Group 4)											
4.1 Class 1		10,078,829	2,089,958	1,168,421	4,912,956	18,250,164	4.4	13,895,695	4.0	18,250,165	
4.2 Class 2			2,926,928	5,562,357		8,489,285	2.1	2,933,132	0.8	8,489,285	
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals		10,078,829	5,016,886	6,730,778	4,912,956	26,739,449	6.5	16,828,827	4.9	26,739,450	
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, (Group 5)											
5.1 Class 1	4,623,658	39,732,721	50,800,662	25,073,626	26,767,724	146,998,391	35.7	161,216,448	46.6	146,094,836	903,555
5.2 Class 2		7,322,259		14,685,106		22,007,365	5.3	9,233,372	2.7	22,007,365	
5.3 Class 3		754,568	80,485	934,165		1,769,218	0.4			1,014,650	754,568
5.4 Class 4											
5.5 Class 5					2,477,560	2,477,560	0.6	5,572,706	1.6	2,477,560	
5.6 Class 6											
5.7 Totals	4,623,658	47,809,548	50,881,147	40,692,897	29,245,284	173,252,534	42.1	176,022,526	50.9	171,594,411	1,658,123

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

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), (Group 6)											
6.1 Class 1		3,581,435	2,997,775	998,091		7,577,301	1.8	10,411,790	3.0	7,577,301	
6.2 Class 2		999,244				999,244	0.2	999,083	0.3	999,244	
6.3 Class 3											
6.4 Class 4								2,970,000	0.9		
6.5 Class 5											
6.6 Class 6											
6.7 Totals		4,580,679	2,997,775	998,091		8,576,545	2.1	14,380,873	4.2	8,576,545	
7. Industrial & Miscellaneous (Unaffiliated), (Group 7)											
7.1 Class 1	104,855,835	23,813,802	18,527,448	5,159,394	2,032,262	154,388,741	37.5	71,273,638	20.6	144,568,249	9,820,491
7.2 Class 2	60,482	5,620,919	5,340,725	456,442		11,478,568	2.8	26,176,790	7.6	10,189,367	1,289,201
7.3 Class 3	127,650	3,529,891	5,765,705			9,423,246	2.3	9,613,091	2.8	8,468,246	955,000
7.4 Class 4			80,620	625,000		705,620	0.2	1,236,211	0.4	625,000	80,620
7.5 Class 5	26,066					26,066	0.0			26,066	
7.6 Class 6					29,250	29,250	0.0			29,250	
7.7 Totals	105,070,033	32,964,612	29,714,498	6,240,836	2,061,512	176,051,491	42.8	108,299,730	31.3	163,906,178	12,145,312
8. Credit Tenant Loans, (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

9106

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

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1 Class 1	(d)	112,492,604	91,256,666	80,796,697	35,934,715	33,712,942	354,193,624	86.1	XXX	XXX	343,469,579	10,724,046
10.2 Class 2	(d)	60,482	13,942,422	8,267,653	20,703,905		42,974,462	10.4	XXX	XXX	41,685,261	1,289,201
10.3 Class 3	(d)	127,650	4,284,459	5,846,190	934,165		11,192,464	2.7	XXX	XXX	9,482,896	1,709,568
10.4 Class 4	(d)			80,620	625,000		705,620	0.2	XXX	XXX	625,000	80,620
10.5 Class 5	(d)	26,066					2,477,560	0.6	XXX	XXX	2,503,626	
10.6 Class 6	(d)						29,250	0.0	XXX	XXX	29,250	
10.7 Totals		112,706,802	109,483,547	94,991,160	58,197,785	36,219,752	411,599,046	100.0	XXX	XXX	397,795,612	13,803,435
10.8 Line 10.7 as a % of Col. 6		27.4	26.6	23.1	14.1	8.8	100.0	XXX	XXX	XXX	96.6	3.4
11. Total Bonds Prior Year												
11.1 Class 1		39,171,027	85,857,995	76,670,789	47,193,916	38,155,461	XXX	XXX	287,049,188	83.0	284,348,528	2,700,657
11.2 Class 2		6,662,107	4,836,302	19,693,227	8,150,741		XXX	XXX	39,342,377	11.4	39,342,376	
11.3 Class 3			2,659,390	6,953,701			XXX	XXX	9,613,091	2.8	9,613,091	
11.4 Class 4			2,970,000	286,688	949,523		XXX	XXX	4,206,211	1.2	4,206,211	
11.5 Class 5				4,066,170	1,506,536		XXX	XXX	5,572,706	1.6	5,572,706	
11.6 Class 6							XXX	XXX				
11.7 Totals		45,833,134	96,323,687	107,670,575	57,800,716	38,155,461	XXX	XXX	345,783,573	100.0	343,082,912	2,700,657
11.8 Line 11.7 as a % of Col. 8		13.3	27.9	31.1	16.7	11.0	XXX	XXX	100.0	XXX	99.2	0.8
12. Total Publicly Traded Bonds												
12.1 Class 1		111,349,993	84,871,707	78,135,696	35,405,359	33,706,824	343,469,579	83.4	284,348,527	82.2	343,469,579	XXX
12.2 Class 2			12,713,702	8,267,653	20,703,905		41,685,260	10.1	39,342,377	11.4	41,685,260	XXX
12.3 Class 3		127,650	3,529,891	4,891,190	934,165		9,482,896	2.3	9,613,091	2.8	9,482,896	XXX
12.4 Class 4					625,000		625,000	0.2	4,206,211	1.2	625,000	XXX
12.5 Class 5		26,066					2,503,626	0.6	5,572,706	1.6	2,503,626	XXX
12.6 Class 6							29,250	0.0			29,250	XXX
12.7 Totals		111,503,709	101,115,300	91,294,539	57,668,429	36,213,634	397,795,611	96.6	343,082,912	99.2	397,795,611	XXX
12.8 Line 12.7 as a % of Col. 6		28.0	25.4	23.0	14.5	9.1	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10		27.1	24.6	22.2	14.0	8.8	96.6	XXX	XXX	XXX	96.6	XXX
13. Total Privately Placed Bonds												
13.1 Class 1		1,142,611	6,384,958	2,661,003	529,356	6,118	10,724,046	2.6	2,700,658	0.8	XXX	10,724,046
13.2 Class 2		60,482	1,228,719				1,289,201	0.3			XXX	1,289,201
13.3 Class 3			754,568	955,000			1,709,568	0.4			XXX	1,709,568
13.4 Class 4				80,620			80,620	0.0			XXX	80,620
13.5 Class 5											XXX	
13.6 Class 6											XXX	
13.7 Totals		1,203,093	8,368,245	3,696,623	529,356	6,118	13,803,435	3.4	2,700,658	0.8	XXX	13,803,435
13.8 Line 13.7 as a % of Col. 6		8.7	60.6	26.8	3.8	0.0	100.0	XXX	XXX	XXX	XXX	100.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10		0.3	2.0	0.9	0.1	0.0	3.4	XXX	XXX	XXX	XXX	3.4

(a) Includes \$ 8,383,949 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$ 2,477,560 current year, \$ 435,767 prior year of bonds with Z designations and \$, current year, \$ prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$, current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
 (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ 91,667,336 ; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$ 26,066 ; NAIC 6 \$.

S107

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

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments. (Group 1)											
1.1 Issuer Obligations	2,879,504	2,102,433	1,544,979	3,359,706		9,886,622	2.4	17,333,365	5.0	9,886,623	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities											
1.7 Totals	2,879,504	2,102,433	1,544,979	3,359,706		9,886,622	2.4	17,333,365	5.0	9,886,623	
2. All Other Governments. (Group 2)											
2.1 Issuer Obligations	83,607	357,208	515,256	175,477		1,131,548	0.3	1,229,290	0.4	1,131,548	
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined											
2.6 Other											
2.7 Totals	83,607	357,208	515,256	175,477		1,131,548	0.3	1,229,290	0.4	1,131,548	
3. States, Territories, and Possessions Guaranteed. (Group 3)											
3.1 Issuer Obligations	50,000	11,590,238	4,320,619			15,960,857	3.9	11,688,962	3.4	15,960,857	
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined											
3.6 Other											
3.7 Totals	50,000	11,590,238	4,320,619			15,960,857	3.9	11,688,962	3.4	15,960,857	
4. Political Subdivisions of States, Territories and Possessions, Guaranteed. (Group 4)											
4.1 Issuer Obligations		10,078,829	5,016,886	6,730,778	4,912,956	26,739,449	6.5	16,828,827	4.9	26,739,450	
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined											
4.6 Other											
4.7 Totals		10,078,829	5,016,886	6,730,778	4,912,956	26,739,449	6.5	16,828,827	4.9	26,739,450	
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed. (Group 5)											
5.1 Issuer Obligations	3,323,180	44,665,916	50,102,894	40,621,583	29,245,284	167,958,857	40.8	169,645,608	49.1	166,300,733	1,658,123
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	144,100	608,816	613,646			1,366,562	0.3	1,425,079	0.4	1,366,562	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	961,158	2,162,893	164,607	71,315		3,359,973	0.8	4,322,069	1.2	3,359,973	
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined	195,220	371,923				567,143	0.1	629,772	0.2	567,142	
5.6 Other											
5.7 Totals	4,623,658	47,809,548	50,881,147	40,692,898	29,245,284	173,252,535	42.1	176,022,528	50.9	171,594,410	1,658,123

8018

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

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), (Group 6)											
6.1 Issuer Obligations		4,580,679	2,997,775	998,091		8,576,545	2.1	14,380,873	4.2	8,576,545	
6.2 Single Class Mortgage-Backed/Asset-Based Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined											
6.6 Other											
6.7 Totals		4,580,679	2,997,775	998,091		8,576,545	2.1	14,380,873	4.2	8,576,545	
7. Industrial & Miscellaneous (Unaffiliated), (Group 7)											
7.1 Issuer Obligations	102,857,536	24,003,102	17,946,559	3,904,954	1,864,663	150,576,814	36.6	85,180,098	24.6	140,095,356	10,481,458
7.2 Single Class Mortgage-Backed/Asset-Based Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined	360,448	1,127,064	1,020,635	382,928	175,484	3,066,559	0.7	3,908,384	1.1	3,066,558	
7.4 Other	165,586	2,181,090	798,030	287,691	15,249	3,447,646	0.8	3,374,494	1.0	3,447,646	
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	704,735	2,285,001	8,423,848	216,038	6,118	11,635,740	2.8	13,793,258	4.0	9,971,886	1,663,854
7.6 Other	981,728	3,368,354	1,525,426	1,449,225		7,324,733	1.8	2,043,494	0.6	7,324,733	
7.7 Totals	105,070,033	32,964,611	29,714,498	6,240,836	2,061,514	176,051,492	42.8	108,299,728	31.3	163,906,179	12,145,312
8. Credit Tenant Loans, (Group 8)											
8.1 Issuer Obligations											
8.7 Totals											
9. Parents, Subsidiaries and Affiliates, (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Based Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined											
9.6 Other											
9.7 Totals											

6015

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

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	109,193,827	97,378,405	82,444,968	55,790,589	36,022,903	380,830,692	92.5	XXX	XXX	368,691,112	12,139,581
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	144,100	608,816	613,646			1,366,562	0.3	XXX	XXX	1,366,562	
10.3 Defined	1,321,606	3,289,957	1,185,242	454,243	175,484	6,426,532	1.6	XXX	XXX	6,426,531	
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	165,586	2,181,090	798,030	287,691	15,249	3,447,646	0.8	XXX	XXX	3,447,646	
10.5 Defined	899,955	2,656,924	8,423,848	216,038	6,118	12,202,883	3.0	XXX	XXX	10,539,028	1,663,854
10.6 Other	981,728	3,368,354	1,525,426	1,449,225		7,324,733	1.8	XXX	XXX	7,324,733	
10.7 Totals	112,706,802	109,483,546	94,991,160	58,197,786	36,219,754	411,599,048	100.0	XXX	XXX	397,795,612	13,803,435
10.8 Line 10.7 as a % of Col. 6	27.4	26.6	23.1	14.1	8.8	100.0	XXX	XXX	XXX	96.6	3.4
11. Total Bonds Prior Year											
11.1 Issuer Obligations	41,100,038	84,099,637	96,640,470	56,492,608	37,954,270	XXX	XXX	316,287,023	91.5	313,586,363	2,700,657
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	153,253	552,558	719,268			XXX	XXX	1,425,079	0.4	1,425,079	
11.3 Defined	2,444,731	4,839,695	775,681	170,346		XXX	XXX	8,230,453	2.4	8,230,452	
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	(45,154)	1,378,480	1,069,110	815,203	156,855	XXX	XXX	3,374,494	1.0	3,374,494	
11.5 Defined	2,180,265	3,409,823	8,466,046	322,559	44,337	XXX	XXX	14,423,030	4.2	14,423,030	
11.6 Other		2,043,494				XXX	XXX	2,043,494	0.6	2,043,494	
11.7 Totals	45,833,133	96,323,687	107,670,575	57,800,716	38,155,462	XXX	XXX	345,783,573	100.0	343,082,912	2,700,657
11.8 Line 11.7 as a % of Col. 8	13.3	27.9	31.1	16.7	11.0	XXX	XXX	100.0	XXX	99.2	0.8
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	108,125,006	90,169,271	78,896,661	55,477,271	36,022,903	368,691,112	89.6	313,586,364	90.7	368,691,112	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	144,100	608,816	613,646			1,366,562	0.3	1,425,079	0.4	1,366,562	XXX
12.3 Defined	1,321,606	3,289,957	1,185,242	454,242	175,484	6,426,531	1.6	8,230,453	2.4	6,426,531	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	165,586	2,181,090	798,030	287,691	15,249	3,447,646	0.8	3,374,494	1.0	3,447,646	XXX
12.5 Defined	765,683	1,497,812	8,275,534			10,539,029	2.6	14,423,030	4.2	10,539,029	XXX
12.6 Other	981,728	3,368,354	1,525,426	1,449,225		7,324,733	1.8	2,043,494	0.6	7,324,733	XXX
12.7 Totals	111,503,709	101,115,300	91,294,539	57,668,429	36,213,636	397,795,613	96.6	343,082,914	99.2	397,795,613	XXX
12.8 Line 12.7 as a % of Col. 6	28.0	25.4	23.0	14.5	9.1	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	27.1	24.6	22.2	14.0	8.8	96.6	XXX	XXX	XXX	96.6	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	1,068,822	7,209,133	3,548,308	313,318		12,139,581	2.9	2,700,658	0.8	XXX	12,139,581
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES										XXX	
13.3 Defined										XXX	
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES										XXX	
13.5 Defined	134,272	1,159,112	148,315	216,038	6,118	1,663,855	0.4			XXX	1,663,855
13.6 Other										XXX	
13.7 Totals	1,203,094	8,368,245	3,696,623	529,356	6,118	13,803,436	3.4	2,700,658	0.8	XXX	13,803,436
13.8 Line 13.7 as a % of Col. 6	8.7	60.6	26.8	3.8	0.0	100.0	XXX	XXX	XXX	XXX	100.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.3	2.0	0.9	0.1	0.0	3.4	XXX	XXX	XXX	XXX	3.4

S110

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

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year.....	7,464,147	7,464,147			
2. Cost of short-term investments acquired.....	315,970,906	315,970,906			
3. Accrual of discount.....	58,049	58,049			
4. Unrealized valuation increase (decrease).....					
5. Total gain (loss) on disposals.....					
6. Deduct consideration received on disposals.....	231,558,421	231,558,421			
7. Deduct amortization of premium.....					
8. Total foreign exchange change in book/adjusted carrying value.....					
9. Deduct current year's other than temporary impairment recognized.....	241,279	241,279			
10. Book adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	91,693,402	91,693,402			
11. Deduct total nonadmitted amounts.....					
12. Statement value at end of current period (Line 10 minus Line 11)	91,693,402	91,693,402			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

S111

Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE E - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

	1	2	3
	Total	Bonds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year.....	2,517,458	2,517,458	
2. Cost of cash equivalents acquired.....	348,709,723	348,709,723	
3. Accrual of discount.....	212,606	212,606	
4. Unrealized valuation increase (decrease).....			
5. Total gain (loss) on disposals.....			
6. Deduct consideration received on disposals.....	350,905,097	350,905,097	
7. Deduct amortization of premium.....			
8. Total foreign exchange change in book/adjusted carrying value.....			
9. Deduct current year's other than temporary impairment recognized.....	534,690	534,690	
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....			
11. Deduct total nonadmitted amounts.....			
12. Statement value at end of current period (Line 10 minus Line 11)			

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment:

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK

Assets	2
Cash Flow	5
Exhibit of Capital Gains (Losses)	12
Exhibit of Net Investment Income	12
Exhibit of Nonadmitted Assets	13
Exhibit of Premiums and Losses (State Page)	19
Five-Year Historical Data	17
General Interrogatories	15
Jurat Page	1
Liabilities, Surplus and Other Funds	3
Notes To Financial Statements	14
Overflow Page For Write-ins	97
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10
Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule DA – Verification Between Years	SI11
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E18
Schedule DB – Part A – Section 3	E19
Schedule DB – Part A – Verification Between Years	SI12
Schedule DB – Part B – Section 1	E19
Schedule DB – Part B – Section 2	E20
Schedule DB – Part B – Section 3	E20
Schedule DB – Part B – Verification Between Years	SI12
Schedule DB – Part C – Section 1	E21
Schedule DB – Part C – Section 2	E21
Schedule DB – Part C – Section 3	E22
Schedule DB – Part C – Verification Between Years	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Part D – Section 3	E23
Schedule DB – Part D – Verification Between Years	SI13
Schedule DB – Part E – Section 1	E24
Schedule DB – Part E – Verification	SI13
Schedule DB – Part F – Section 1	SI14
Schedule DB – Part F – Section 2	SI15
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI16
Schedule F – Part 1	20
Schedule F – Part 2	21
Schedule F – Part 3	22
Schedule F – Part 4	23
Schedule F – Part 5	24
Schedule F – Part 6	25
Schedule F – Part 7	26
Schedule F – Part 8	27
Schedule H – Accident and Health Exhibit – Part 1	28
Schedule H – Parts – 2, 3, and 4	29
Schedule H – Part 5 – Health Claims	30
Schedule P – Part 1 – Analysis of Losses and Loss Expenses	31
Schedule P – Part 1A – Homeowners/Farmowners	33
Schedule P – Part 1B – Private Passenger Auto Liability/Medical	34
Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	35
Schedule P – Part 1D – Workers' Compensation	36

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 1E – Commercial Multiple Peril	37
Schedule P – Part 1F – Section 1 – Medical Malpractice – Occurrence	38
Schedule P – Part 1F – Section 2 – Medical Malpractice – Claims-Made	39
Schedule P – Part 1G - Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	40
Schedule P – Part 1H – Section 1 – Other Liability–Occurrence	41
Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	42
Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	43
Schedule P – Part 1J – Auto Physical Damage	44
Schedule P – Part 1K – Fidelity/Surety	45
Schedule P – Part 1L – Other (Including Credit, Accident and Health)	46
Schedule P – Part 1M – International	47
Schedule P – Part 1N – Reinsurance	48
Schedule P – Part 1O – Reinsurance	49
Schedule P – Part 1P – Reinsurance	50
Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	51
Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	52
Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	53
Schedule P – Part 1T – Warranty	54
Schedule P – Part 2, Part 3 and Part 4 - Summary	32
Schedule P – Part 2A – Homeowners/Farmowners	55
Schedule P – Part 2B – Private Passenger Auto Liability/Medical	55
Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	55
Schedule P – Part 2D – Workers’ Compensation	55
Schedule P – Part 2E – Commercial Multiple Peril	55
Schedule P – Part 2F – Section 1 – Medical Malpractice – Occurrence	56
Schedule P – Part 2F – Section 2 – Medical Malpractice – Claims – Made	56
Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	56
Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	56
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	56
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	57
Schedule P – Part 2J – Auto Physical Damage	57
Schedule P – Part 2K – Fidelity, Surety	57
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	57
Schedule P – Part 2M – International	57
Schedule P – Part 2N – Reinsurance	58
Schedule P – Part 2O – Reinsurance	58
Schedule P – Part 2P – Reinsurance	58
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	59
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	59
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	59
Schedule P – Part 2T – Warranty	59
Schedule P – Part 3A – Homeowners/Farmowners	60

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 3B – Private Passenger Auto Liability/Medical	60
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	60
Schedule P – Part 3D – Workers' Compensation	60
Schedule P – Part 3E – Commercial Multiple Peril	60
Schedule P – Part 3F – Section 1 – Medical Malpractice – Occurrence	61
Schedule P – Part 3F – Section 2 – Medical Malpractice – Claims-Made	61
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	61
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	61
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	61
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	62
Schedule P – Part 3J – Auto Physical Damage	62
Schedule P – Part 3K – Fidelity/Surety	62
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	62
Schedule P – Part 3M – International	62
Schedule P – Part 3N – Reinsurance	63
Schedule P – Part 3O – Reinsurance	63
Schedule P – Part 3P – Reinsurance	63
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	64
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	64
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	64
Schedule P – Part 3T – Warranty	64
Schedule P – Part 4A – Homeowners/Farmowners	65
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	65
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	65
Schedule P – Part 4D – Workers' Compensation	65
Schedule P – Part 4E – Commercial Multiple Peril	65
Schedule P – Part 4F – Section 1 – Medical Malpractice – Occurrence	66
Schedule P – Part 4F – Section 2 – Medical Malpractice – Claims-Made	66
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	66
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	66
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	66
Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	67
Schedule P – Part 4J – Auto Physical Damage	67
Schedule P – Part 4K – Fidelity/Surety	67
Schedule P – Part 4L – Other (Including Credit, Accident and Health)	67
Schedule P – Part 4M – International	67
Schedule P – Part 4N – Reinsurance	68
Schedule P – Part 4O – Reinsurance	68
Schedule P – Part 4P – Reinsurance	68
Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	69
Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	69

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	69
Schedule P – Part 4T – Warranty	69
Schedule P – Part 5A – Homeowners/Farmowners	70
Schedule P – Part 5B – Private Passenger Auto Liability/Medical	71
Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	72
Schedule P – Part 5D – Workers’ Compensation	73
Schedule P – Part 5E – Commercial Multiple Peril	74
Schedule P – Part 5F – Medical Malpractice – Claims-Made	76
Schedule P – Part 5F – Medical Malpractice – Occurrence	75
Schedule P – Part 5H – Other Liability – Claims-Made	78
Schedule P – Part 5H – Other Liability – Occurrence	77
Schedule P – Part 5R – Products Liability – Claims-Made	80
Schedule P – Part 5R – Products Liability – Occurrence	79
Schedule P – Part 5T – Warranty	81
Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	82
Schedule P – Part 6D – Workers’ Compensation	82
Schedule P – Part 6E – Commercial Multiple Peril	83
Schedule P – Part 6H – Other Liability – Claims-Made	84
Schedule P – Part 6H – Other Liability – Occurrence	83
Schedule P – Part 6M – International	84
Schedule P – Part 6N – Reinsurance	85
Schedule P – Part 6O – Reinsurance	85
Schedule P – Part 6R – Products Liability – Claims-Made	86
Schedule P – Part 6R – Products Liability – Occurrence	86
Schedule P – Part 7A – Primary Loss Sensitive Contracts	87
Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	89
Schedule P Interrogatories	91
Schedule T – Exhibit of Premiums Written	92
Schedule T – Part 2 – Interstate Compact	93
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	95
Statement of Income	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	96
Underwriting and Investment Exhibit Part 1	6
Underwriting and Investment Exhibit Part 1A	7
Underwriting and Investment Exhibit Part 1B	8
Underwriting and Investment Exhibit Part 2	9
Underwriting and Investment Exhibit Part 2A	10
Underwriting and Investment Exhibit Part 3	11

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

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

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Code	4 Location		6 Name of Vendor or General Partner	7 NAIC Designation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost	11 Fair Value	12 Book/ Adjusted Carrying Value Less Encumbrances	13 Unrealized Valuation Increase (Decrease)	14 Current Year's (Depreciation) or (Amortization)/ Accretion	15 Current Year's Other than Temporary Impairment Recognized	16 Capitalized Deferred Interest and Other	17 Total Foreign Exchange Change in B. / A.C.V.	18 Investment Income	19 Commitment for Additional Investment	20 Percentage of Ownership	
			City	State																
.000000-00-0.	Foss Virginia 2007 Fund LP (BRS56HG23)		San Francisco	CA	State Credit Acquisition & Mgmt. LLC		12/18/2007		71,400											1.461
1999999	- Joint Venture Interests - Other - Unaffiliated																			
.000000-00-0.	NW Apartments, LP (667903SS3)		St Louis	MO	NW Apartments, LP		12/15/2005		5,713,855	3,946,850	3,946,850									0.010
.000000-00-0.	Southernside LP (843700SS1)		O'Fallon	MO	Southernside GP, LLC		07/18/2006		2,457,900	2,192,623	2,192,623									0.010
3399999	- State Low Income Housing Tax Credit - Unaffiliated																			
									8,171,755	6,139,473	6,139,473									339,853
3999999	- Total Unaffiliated																			
4099999	- Total Affiliated																			
4199999	Totals																			
									8,243,155	6,139,473	6,139,473									339,853
																				XXX
																				XXX
																				XXX

E07

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

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 Date Originally Acquired	7 Type and Strategy	8 Actual Cost at Time of Acquisition	9 Additional Investment Made After Acquisition	10 Amount of Encumbrances	11 Percentage of Ownership
		3 City	4 State							
..000000-00-0..	NW Apartments, LP (667903\$\$3)	St Louis	MO	NW Apartments, LP	12/15/2005			534,131		.0.010
..000000-00-0..	Southernside LP (843700\$\$1)	O'Fallon	MO	Southernside GP, LLC	07/18/2006			598,646		.0.010
33999999 - State Low Income Housing Tax Credit - Unaffiliated								1,132,777		XXX
39999999 - Total Unaffiliated								1,132,777		XXX
40999999 - Total Affiliated										XXX
41999999 Totals								1,132,777		XXX

E08

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

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.						
000000-00-0	Foss Virginia 2007 Fund LP (BRS5GH623)	San Francisco	CA	Tax Credit Recognized	12/18/2007	03/31/2008	71,400							71,400	84,000		12,600	12,600	
1999999	Joint Venture Interests - Other - Unaffiliated						71,400							71,400	84,000		12,600	12,600	
000000-00-0	NW Apartments, LP (667903S\$3)	St Louis	MO	Tax Credit Recognized	12/15/2005	03/31/2008	1,058,980							1,058,980	1,058,980				
000000-00-0	Southernside LP (843700S\$1)	O'Fallon	MO	Tax Credit Recognized	07/18/2006	03/31/2008	265,277							265,277	265,277				
3399999	State Low Income Housing Tax Credit - Unaffiliated						1,324,257							1,324,257	1,324,257				
3999999	Total Unaffiliated						1,395,657							1,395,657	1,408,257		12,600	12,600	
4099999	Total Affiliated																		
4199999	Totals						1,395,657							1,395,657	1,408,257		12,600	12,600	

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

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Maturity
3133XE-FF-1	FHLB AGENCY BND				1	2,731,820		103.7200	2,765,000	2,755,994		10,383			5.000	5.408	FA	55,684	138,250	08/01/2006	11/06/2009
912810-DX-3	UNITED STATES TREASURY GOVT BND	SD			1	591,387		136.6190	500,000	556,423	(5,548)			7.500	5.700	MN	4,869	37,500	06/20/2001	11/15/2016	
912810-EW-4	UNITED STATES TREASURY GOVT BND	SD			1	57,260		139.4860	55,000	56,902	(64)			6.000	5.681	FA	1,246	3,300	06/13/2002	02/15/2026	
912828-GZ-7	UNITED STATES TREASURY GOVT BND	SD			1	1,523,086		112.0590	1,500,000	1,517,303	(4,373)			4.625	4.274	JJ	29,032	69,375	08/28/2007	07/31/2012	
0199999 - Total Bonds - U.S. Government - Issuer Obligations						4,903,553	XXX	5,308,555	4,820,000	4,886,622		398			XXX	XXX	XXX	90,831	248,425	XXX	XXX
0399999 - Total - U.S. Government Bonds						4,903,553	XXX	5,308,555	4,820,000	4,886,622		398			XXX	XXX	XXX	90,831	248,425	XXX	XXX
455780-AH-9	IND GOVT AID BON FOREIGN GOV		F	2	1	756,930		138.8010	600,000	723,692	(8,791)			9.300	4.944	JJ	27,900	55,800	04/13/2005	07/01/2020	
480692-AB-8	JORDAN AID GOVT BND		F	2	1FE	429,466		136.4640	336,879	407,856	(6,199)			8.750	4.700	MS	9,826	29,477	06/08/2005	09/01/2019	
0499999 - Total Bonds - All Other Government - Issuer Obligations						1,186,396	XXX	1,292,524	936,879	1,131,548		(14,990)			XXX	XXX	XXX	37,726	85,277	XXX	XXX
1099999 - Total - All Other Government Bonds						1,186,396	XXX	1,292,524	936,879	1,131,548		(14,990)			XXX	XXX	XXX	37,726	85,277	XXX	XXX
13062P-BF-8	CALIFORNIA ST MUNI BND GO			1	1FE	2,001,420		96.0570	2,000,000	2,000,646	(123)			5.000	4.992	FA	41,667	100,000	04/25/2003	08/01/2013	
452150-UJ-5	ILLINOIS ST MUNI BND GO			1	1FE	2,560,800		103.9020	2,400,000	2,449,518	(19,844)			5.125	4.186	MN	20,500	123,000	10/01/2002	05/01/2011	
546415-DU-1	LOUISIANA ST MUNI BND GO				1FE	50,000		102.1490	50,000	50,000				5.750	5.750	FA	1,198	2,875	02/17/1993	08/01/2009	
57582N-FL-4	MASSACHUSETTS ST MUNI BND GO	SD			1FE	4,490,680		115.7100	4,000,000	4,320,619	(30,193)			5.500	4.370	FA	91,667	220,000	08/22/2002	08/01/2017	
605580-N4-7	MISSISSIPPI ST MUNI BND GO				1FE	4,425,200		110.8370	4,000,000	4,361,107	(64,093)			5.000	3.010	JD	16,667	200,000	01/15/2008	12/01/2013	
646039-A0-0	NEW JERSEY ST MUNI BND GO				1FE	2,824,987		107.5060	2,675,000	2,778,967	(39,052)			5.250	3.610	JJ	70,219	140,438	10/15/2007	07/01/2011	
1199999 - Total Bonds - States, Territories and Possessions - Issuer Obligations						16,353,087	XXX	16,403,529	15,125,000	15,960,857		(153,305)			XXX	XXX	XXX	241,918	786,313	XXX	XXX
1799999 - Total - States, Territories and Possessions						16,353,087	XXX	16,403,529	15,125,000	15,960,857		(153,305)			XXX	XXX	XXX	241,918	786,313	XXX	XXX
033161-DF-4	ANCHORAGE ALASKA MUNI BND GO				1FE	2,705,850		109.6070	2,500,000	2,654,881	(40,813)			5.500	3.600	JJ	68,750	137,500	09/25/2007	07/01/2012	
167484-5A-8	CHICAGO ILL MUNI TAX BND GO				1FE	1,943,380		99.9610	2,000,000	1,976,586	22,219			4.090	5.117	JJ	40,900	81,800	12/28/2006	01/01/2010	
172252-XV-5	CINCINNATI OHIO CITY SCH DIST MUNI BND GO			1	1FE	4,423,560		113.2280	4,000,000	4,401,410	(22,150)			5.000	2.800	JD	16,667	100,000	09/11/2008	12/01/2013	
181059-FQ-4	CLARK CNTY NEV SCH DIST FOR IS MUNI BND				1FE	1,584,135		108.7610	1,500,000	1,570,661	(9,368)			5.000	4.160	JD	3,333	75,000	07/12/2007	06/15/2015	
240451-XK-5	DE KALB CNTY MUNI BND GO			1	1FE	4,906,850		88.9210	5,000,000	4,912,956	2,295			4.375	4.501	JD	18,229	218,750	01/24/2006	12/01/2030	
249174-HM-8	DENVER COLO CITY & CNTY SCH DI MUNI BND				1FE	1,195,480		109.0900	1,000,000	1,168,421	(8,132)			5.500	3.991	JD	4,583	55,000	06/29/2005	12/01/2023	
295852-DR-5	ERNEST N MORIAL-NEW ORLEANS LA MUNI BND				2FE	5,567,600		113.0820	5,000,000	5,562,357	(5,243)			5.250	4.387	JJ	121,042		09/09/2008	07/15/2028	
517840-WV-2	LAS VEGAS VALLEY NEV WTR DIST MUNI BND GO			1	1FE	1,103,850		108.1310	1,000,000	1,045,952	(10,654)			5.250	3.971	JD	4,375	52,500	12/17/2002	12/01/2012	
64966E-4G-9	NEW YORK NY MUNI BND GO			1	1FE	527,355		94.7890	500,000	519,298	(2,485)			5.000	4.320	FA	10,417	25,000	07/15/2005	08/01/2015	
74514L-HM-2	PUERTO RICO COMMLTH MUNI BND GO			1	2FE	2,935,637		75.2210	2,870,000	2,926,928	(6,204)			5.000	4.683	JJ	71,750	143,500	07/17/2007	07/01/2016	
1899999 - Total Bonds - Political Subdivisions - Issuer Obligations						26,893,697	XXX	25,805,078	25,370,000	26,739,450		(80,535)			XXX	XXX	XXX	360,046	889,050	XXX	XXX
2499999 - Total - Political Subdivisions Bonds						26,893,697	XXX	25,805,078	25,370,000	26,739,450		(80,535)			XXX	XXX	XXX	360,046	889,050	XXX	XXX
02765U-AT-1	AMERICAN MUN PWR-OHIO INC MUNI BND REV			1	1FE	2,025,500		100.2810	2,000,000	2,024,566	(934)			5.250	5.080	FA	52,208		06/20/2008	02/15/2018	
02765U-AU-8	AMERICAN MUN PWR-OHIO INC MUNI BND REV			1	1FE	2,522,400		99.5630	2,500,000	2,521,622	(778)			5.250	5.130	FA	65,260		06/20/2008	02/15/2018	
130575-Z8-9	CALIFORNIA RURAL HOME MTG FINA MUNI BND			1	1FE	2,435,000		85.9990	2,435,000	2,435,000				4.100	4.100	FA	41,598	99,835	03/22/2007	08/01/2039	
130911-JJ-0	CALIFORNIA STATEWIDE CMNTYS DE MUNI BND			1	1FE	992,580		94.0880	1,000,000	995,104	781			3.900	4.000	FA	16,250	39,000	09/01/2005	08/01/2031	
163123-CM-2	CHELAN CNTY WASH PUB UTIL MUNI BND REV			1	1FE	465,179		100.0080	1,120,090	903,555	43,463			3.750	9.814	JD	3,500	42,000	01/05/1984	12/01/2012	
235416-SH-8	DALLAS TEX WTRWKS & SWR SYS RE MUNI BND			1	1FE	1,046,630		107.4820	1,000,000	1,030,821	(12,965)			5.000	3.560	AO	12,500	50,000	10/05/2007	04/01/2011	
259561-HU-5	DOUGLAS CNTY WASH PUB UTIL DIS MUNI BND				1FE	3,010,123		107.8510	2,750,000	2,869,329	(29,935)			5.000	3.722	MS	45,833	137,500	11/07/2003	09/01/2012	
296122-OB-3	ESCAMBIA CNTY FL HFA SPMR MUNI BND REV			1	1FE	3,338,381		86.9380	3,285,000	3,291,886	(27,317)			5.100	4.234	AO	41,884	167,535	04/04/2007	04/01/2009	
341507-TA-9	FLORIDA ST BRD ED MUNI BND REV			1	1FE	3,032,281		101.8370	2,895,000	3,024,354	(7,237)			5.000	4.297	JJ	72,375		06/04/2008	07/01/2016	
38122N-AR-3	GOLDEN ST TOB SECURITIZATION C MUNI BND			1	1FE	5,692,200		115.4690	5,000,000	5,623,079	(69,121)			6.625	3.550	JD	27,604	165,625	06/10/2008	06/01/2013	
387883-JZ-5	GRANT CNTY WASH PUB UTIL DIST MUNI BND R			1	1FE	4,957,550		70.5260	5,000,000	4,960,774	1,056			4.800	4.860	JJ	120,000	240,000	12/01/2005	01/01/2030	
387892-UW-0	GRANT CNTY WASH PUB UTIL DIST MUNI BND R			1	1FE	1,786,474		63.8940	1,840,000	1,789,172	1,323			4.350	4.550	JJ	40,020	80,040	11/30/2006	01/01/2031	
396066-AW-2	GREENVILLE CNTY S C SCH DIST I MUNI BND	SD		1	1FE	2,898,030		114.0740	3,000,000	2,972,125	12,768			5.500	6.000	JD	13,750	165,000	03/21/2002	12/01/2028	
442436-Z6-5	HOUSTON TEX MUNI BND REV	SD		1	1FE	3,530,880		113.1140	3,000,000	3,502,043	(11,369)			5.750	4.590	JD	14,375	172,500	05/03/2006	12/01/2032	

E10

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

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Maturity
442436-2S-9	HOUSTON TEX MUNI BND REV				1FE	2,234,000	.113,4760	2,269,520	2,000,000	2,218,074		(15,926)			5.750	2.790	JD	9,583	57,500	09/09/2008	12/01/2012
45129W-FZ-8	IDAHO HSG & FIN ASSN FOR ISSUE MUNI BND	SD		1	1FE	1,042,790	.102,2920	1,022,920	1,000,000	1,033,633		(3,678)			5.000	4.470	JJ	23,056	50,000	05/04/2006	07/15/2016
45203A-BM-8	IL ED FAC AUTH MUH ED ASSIST MUNI BND RE			1	3	1,386,053	.57,9800	1,014,650	1,750,000	1,014,650	(381,985)	12,757	122,658		5.000	6.409	MS	29,167	87,500	05/25/2007	09/01/2027
454798-LG-2	INDIANA HEALTH FAC FING AUTH H MUNI BND			1	1FE	4,753,900	.111,3390	5,566,950	5,000,000	4,945,999		32,660			5.500	6.251	MN	45,833	275,000	12/07/2001	11/01/2031
45505T-CH-2	INDIANA ST HSG & CMNTY DEV AUT MUNI BND			1	1FE	649,188	.80,6960	524,524	650,000	649,310		25			4.850	4.859	JJ	15,763	31,525	01/19/2006	07/01/2026
45505T-DD-0	INDIANA ST HSG & CMNTY DEV AUT MUNI BND				1FE	1,148,850	.94,6600	1,088,590	1,150,000	1,149,328		96			4.350	4.361	JJ	25,013	50,025	03/03/2006	01/01/2015
455066-GT-1	INDIANA ST OFFICE BLDG COMMN F MUNI BND				1FE	1,069,250	.106,8400	1,068,400	1,000,000	1,052,125		(13,720)			5.250	3.650	JJ	26,250	52,500	09/25/2007	07/01/2012
46246L-WJ-5	IOWA FIN AUTH REV MUNI BND REV			1	1FE	4,080,000	.79,7830	3,255,146	4,080,000	4,080,000					4.750	4.750	JJ	96,900	193,800	01/20/2006	01/01/2026
523494-GG-1	LEE CNTY FLA SCH BRD CTFS PART MUNI BND			1	1FE	2,210,943	.101,5350	2,132,235	2,100,000	2,146,237		(11,686)			5.000	4.330	FA	43,750	105,000	10/11/2002	08/01/2012
574754-AB-3	MASHANTUCKET PEQUOT MUNITAX BND REV 144A			2	3FE	804,055	.94,3210	754,568	800,000	754,568	(47,333)	(340)			6.570	6.510	MS	17,520	52,560	02/27/2001	09/01/2013
57604P-YS-7	MASSACHUSETTS ST WTR POLLUTN A MUNI BND			1	1FE	1,951,420	.91,1310	1,822,620	2,000,000	1,955,489		1,266			4.500	4.669	FA	37,500	90,000	10/19/2005	08/01/2029
57604P-YT-5	MASSACHUSETTS ST WTR POLLUTN A MUNI BND	SD		1	1FE	2,894,940	.88,5420	2,656,260	3,000,000	2,900,868		1,840			4.500	4.719	FA	56,250	135,000	10/19/2005	08/01/2035
587850-DA-3	MERCER CNTY ND POLLUTION MUNI BND REV			2	2FE	1,931,355	.110,4320	1,656,480	1,500,000	1,712,903		(42,740)			7.200	3.740	JD	300	108,000	06/10/2003	06/30/2013
590545-MN-6	MESA ARIZ UTIL SYS REV MUNI BND REV	SD			1FE	1,096,220	.103,7710	1,037,710	1,000,000	1,080,284		(4,808)			5.000	4.169	JJ	25,000	50,000	06/15/2005	07/01/2021
59333A-GD-7	MIAMI-DADE CNTY FLA EDL FACS A MUNI BND				1FE	1,059,120	.104,5870	1,045,870	1,000,000	1,050,782		(5,896)			5.000	4.180	AO	12,500	50,000	07/19/2007	04/01/2016
60374V-BX-0	MINNEAPOLIS MINN MUNI BND REV			1	1FE	981,740	.113,6630	1,136,630	1,000,000	983,432		312			5.750	5.880	MN	7,347	57,500	11/21/2002	11/15/2032
606092-BT-0	MISSOURI JT MUN ELEC UTIL COMM MUNI BND			1	1FE	2,447,975	.79,1820	1,979,550	2,500,000	2,449,937		917			4.500	4.631	JJ	56,250	112,500	08/17/2006	01/01/2036
641321-BT-0	NEVADA IRR DIST CA PG&E MUNI BND REV			1	2FE	2,267,300	.86,3050	2,795,419	3,239,000	2,913,058		60,790			3.750	6.356	JJ	60,731	121,463	06/17/1992	07/01/2013
646135-3P-6	NEW JERSEY ST TRANSN TR FD AUT MUNI BND				1FE	1,183,226	.107,7900	1,185,690	1,100,000	1,164,652		(14,950)			5.250	3.640	JD	2,667	57,750	09/26/2007	12/15/2012
647200-CG-7	NEW MEXICO MTG FIN AUTH MUNI BND REV			1	1FE	2,611,640	.92,4850	2,386,113	2,580,000	2,605,895		(1,999)			4.750	4.623	JJ	61,275	122,550	02/10/2006	07/01/2035
64971M-KT-8	NEW YORK NY CITY TRANSITIONAL MUNI BND R				1FE	2,161,280	.108,4060	2,168,120	2,000,000	2,141,476		(19,804)			5.000	3.030	MN	16,667	50,000	06/02/2008	11/01/2012
65037R-AJ-9	NEWARK N J HSG AUTH PORT AUTH MUNI BND R				2FE	2,792,012	.107,1350	2,780,153	2,595,000	2,696,298		(22,812)			5.250	4.180	JJ	68,119	136,238	06/10/2004	01/01/2013
658196-PP-9	NORTH CAROLINA EASTN MUN PWR A MUNI BND				2FE	3,785,120	.93,3310	3,733,240	4,000,000	3,856,783		6,890			6.000	6.410	JJ	120,000	240,000	01/15/1993	01/01/2022
662903-EC-3	NORTH TEX MUN WTR DIST TEX MUNI BND REV			1	1FE	5,161,600	.98,9230	4,946,150	5,000,000	5,127,616		(13,635)			5.000	4.601	MS	83,333	250,000	04/28/2006	09/01/2016
67886R-LC-0	OKLAHOMA HSG FIN AGY MUNI BND REV			1	1FE	900,000	.83,9520	755,568	900,000	900,000					4.625	4.625	MS	13,875	41,625	03/23/2006	09/01/2021
684907-PW-2	ORANGE CNTY FLA HSG FIN AUTH MUNI BND RE			1	1FE	4,015,000	.77,8950	3,127,484	4,015,000	4,015,000					5.100	5.100	MS	68,255	204,765	06/23/2006	09/01/2031
745190-ZH-4	PUERTO RICO COMWLTH HWY & TRAN MUNI BND				2FE	1,088,470	.80,0230	800,230	1,000,000	1,084,104		(3,017)			5.500	4.785	JJ	27,500	55,000	07/09/2007	07/01/2026
745220-FR-9	PUERTO RICO COMWLTH INFRASTRUC MUNI BND				2FE	4,841,600	.80,0230	3,200,920	4,000,000	4,744,219		(28,872)			5.500	4.010	JJ	110,000	220,000	06/03/2005	07/01/2026
756864-BT-0	RED RIVER AUTH TEX POLLUTN CTL MUNI BND				2FE	5,000,000	.79,1320	3,956,600	5,000,000	5,000,000					4.450	4.450	JD	18,542	222,500	05/31/2007	06/01/2020
759136-LN-2	REGIONAL TRANSN DIST COLO MUNI BND REV			1	1FE	2,790,325	.116,6450	2,916,125	2,500,000	2,780,228		(10,097)			5.000	3.360	MN	20,833	62,500	08/27/2008	11/01/2016
785849-PZ-7	SACRAMENTO CALIF CITY FING AUT MUNI BND			1	1FE	2,663,230	.73,7680	1,932,722	2,620,000	2,652,022		(3,825)			5.000	4.790	JD	10,917	131,000	11/17/2005	12/01/2015
796815-PK-8	SAN BERNARDINO CA PENIS MUNI BND REV			1	1FE	4,081,900	.72,8950	3,644,750	5,000,000	4,275,327		19,014			4.750	6.020	FA	98,958	237,500	02/14/1994	08/01/2028
837147-N5-2	SOUTH CAROLINA ST PUB SVC AUTH MUNI BND			1	1FE	5,206,150	.92,8330	4,641,650	5,000,000	5,154,466		(18,410)			5.000	4.481	JJ	125,000	250,000	01/13/2006	01/01/2016
850578-QK-4	SPRINGFIELD ILL ELEC REV MUNI BND REV			1	1FE	5,209,400	.87,7080	4,385,400	5,000,000	5,157,389		(18,298)			5.000	4.481	MS	83,333	250,000	01/11/2006	03/01/2016

E10.1

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

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest				Dates		
		3 Code	4 F o r e i g n	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due & Accrued	20 Amount Rec. During Year	21 Acquired	22 Maturity
873521-AT-5	TACOMA WASH LEASE REV MUNITAX BND REV.	SD		2	1FE	2,770,000	126,6470	3,508,122	2,770,000	2,770,000					9.350	9.350	MS	76,260	253,385	03/28/1990	03/15/2022
874476-DW-3	TALLAHASSEE FLA ENERGY SYS REV MUNI BND			1	1FE	5,160,150	92,6350	4,631,750	5,000,000	5,117,270		(14,545)			5.000	4.592	AO	62,500	250,000	11/23/2005	10/01/2015
880443-ED-4	TENNESSEE ENERGY ACQUISITION C MUNI BND				1FE	2,003,440	67,3860	1,347,720	2,000,000	2,003,289		(126)			5.000	4.985	FA	41,667	100,000	08/03/2007	02/01/2025
880443-EE-2	TENNESSEE ENERGY ACQUISITION C MUNI BND			2	1FE	438,870	65,0500	325,250	500,000	440,252		1,502	40,521		5.000	5.346	FA	10,417	25,000	08/02/2007	02/01/2027
880459-6J-6	TENNESSEE HSG DEV AGY MUNI BND REV				1FE	459,540	97,9640	450,634	460,000	459,654		54			4.650	4.666	JJ	10,695	21,390	07/28/2006	07/01/2014
88283L-AJ-5	TEXAS TRAINS COMM MUNI BND REV				1FE	2,089,180	106,5420	2,130,840	2,000,000	2,059,239		(24,888)			5.000	3.615	AO	25,000	100,000	10/12/2007	04/01/2011
898730-AD-1	TUCSON AZ INDL DEV AUTHS JT SI MUNI BND			1	1FE	2,756,985	86,0100	2,317,970	2,695,000	2,753,888		(1,987)			5.100	4.910	JJ	68,723	137,445	06/01/2007	07/01/2038
91412F-ED-5	UNIVERSITY CALIF MUNI BND REV				1FE	5,064,350	107,2410	5,362,050	5,000,000	5,053,662		54			5.000	4.905	MS	83,333	250,000	01/29/2003	09/01/2010
91754R-KY-2	UTAH ST BRD REGENTS MUNI BND REV	SD		1	1FE	5,652,616	96,0290	5,665,711	5,900,000	5,674,148		8,772			4.750	5.099	AO	70,063	280,250	07/03/2006	04/01/2025
917565-AW-3	UTAH TRAN AUTH SALES TAX REV MUNI BND RE			1	1FE	2,000,000	110,9270	2,218,540	2,000,000	2,000,000					5.000	5.000	JD	4,444	100,000	11/15/2002	06/15/2023
93975W-BZ-7	WA ST ECON MUNI BND REV			1	1FE	2,044,240	92,7990	1,855,980	2,000,000	2,032,706		(3,918)			5.000	4.720	JD	8,333	100,000	11/10/2005	12/01/2015
93978K-7Q-5	WASHINGTON ST HSG FIN COMM MUNI BND REV				1FE	249,688	97,4750	243,688	250,000	249,791		42			4.200	4.221	JD	875	10,500	01/19/2006	06/01/2013
93978L-DE-3	WASHINGTON ST HSG FIN COMM MUNI BND REV			1	5Z	3,887,736	53,8600	2,477,560	4,600,000	2,477,560		(1,361,092)	7,636	235,155	5.625	6.403	JJ	129,375	258,750	02/08/2007	01/01/2038
93978T-BZ-1	WASHINGTON ST HSG FIN COMM MUNI BND REV			1	1FE	2,619,344	91,2990	2,392,034	2,620,000	2,619,444		58			4.350	4.353	JD	9,498	113,970	09/15/2006	12/01/2016
944514-FD-5	WAYNE CNTY MICH ARPT AUTH MUNI BND REV			1	1FE	4,783,211	81,3890	3,796,797	4,665,000	4,769,125		(9,222)			5.000	4.691	JD	19,438	233,250	06/08/2007	12/01/2017
957886-EC-4	WESTERN CAROLINA REGL SWR AUTH MUNI BND			1	1FE	2,136,000	101,4230	2,028,460	2,000,000	2,089,246		(12,483)			5.000	4.171	MS	33,333	100,000	12/21/2004	03/01/2015
2599999	Total Bonds - Special Revenue - Issuer Obligations					169,348,610	XXX	155,927,661	168,364,000	167,958,856		(1,790,410)	398,334		XXX	XXX	XXX	2,738,998	7,976,651	XXX	XXX
312963-06-1	FHLMC GOLD POOL # B11377			2	1	210,555	103,5920	212,475	205,107	208,466		(882)			5.500	4.650	MON	940	11,281	05/18/2005	11/01/2013
31377N-NJ-4	FNMA POOL # 382093			2	1	1,156,289	111,9210	1,305,136	1,166,128	1,158,096		227			7.330	7.494	MON	7,123	85,477	12/08/1999	11/01/2017
2699999	Total Bonds - Special Revenue - Single Class Mortgage-Backed/Asset-Backed Securities					1,366,844	XXX	1,517,611	1,371,235	1,366,562		(655)			XXX	XXX	XXX	8,063	96,758	XXX	XXX
31359B-6U-6	FNMA AGENCY CMO 93-149 M			2	1	358,729	106,8500	388,523	363,615	360,111		(15)			7.000	7.218	MON	2,121	25,453	06/08/1999	08/25/2023
31392M-OA-3	FHLMC AGENCY CMO 2462 EV			2	1	547,187	102,9100	544,561	529,162	537,307		(1,555)			6.000	5.107	MON	2,646	31,750	06/19/2002	04/01/2013
31393U-KK-4	FNMA AGENCY CMO 03-128 DL			2	1	549,618	103,0060	575,856	559,052	553,682		232			4.500	4.818	MON	2,096	25,157	07/27/2004	08/25/2019
31393V-JP-7	FHLMC AGENCY CMO 2626 UN			2	1	154,220	101,4710	160,277	157,954	155,281		557			4.000	5.144	MON	527	6,318	12/28/2006	08/15/2029
31394K-RC-0	FHLMC AGENCY CMO 2696 DM			2	1	446,134	101,4530	449,248	442,813	443,337		68			4.500	4.366	MON	1,661	19,927	12/17/2003	09/01/2012
31394L-FA-5	FHLMC AGENCY CMO 2691			2	1	559,969	101,1860	562,564	555,973	556,255		(432)			4.500	4.377	MON	2,085	25,019	12/05/2003	12/01/2011
31394L-OJ-4	FHLMC AGENCY CMO 2698 LM			2	1	760,492	101,0630	760,963	752,962	754,000		174			4.500	4.300	MON	2,824	33,883	01/22/2004	10/01/2011
2799999	Total Bonds - Special Revenue - Defined Multi-Class Residential Mortgage-Backed Securities					3,376,349	XXX	3,441,992	3,361,531	3,359,973		(971)			XXX	XXX	XXX	13,960	167,507	XXX	XXX
31392D-AV-4	FNMA SENIOR CMBS 02-M1 C			2	1	575,926	103,3290	583,554	564,754	567,142		(1,628)			6.170	5.623	MON	2,904	34,845	09/13/2006	09/01/2011
2999999	Total Bonds - Special Revenue - Defined Multi-Class Commercial Mortgage-Backed Securities					575,926	XXX	583,554	564,754	567,142		(1,628)			XXX	XXX	XXX	2,904	34,845	XXX	XXX
3199999	Total - Special Revenue Bonds					174,667,729	XXX	161,470,818	173,661,520	173,252,533		(1,790,410)	398,334		XXX	XXX	XXX	2,763,925	8,275,761	XXX	XXX
144141-BP-2	PROGRESS ENERGY CAROLINAS CORP BND				1FE	997,220	120,3820	1,203,819	1,000,000	998,091		80			8.625	8.650	MS	25,396	86,250	10/04/1991	09/15/2021
511546-AE-3	ENBRIDGE ENERGY PRTRNS LP CORP BND				2FE	998,240	98,5300	985,300	1,000,000	999,244		161			7.900	7.923	MN	8,778	79,000	11/16/2000	11/21/2012
695114-BW-7	PACIFICORP CORP BND				1FE	1,265,488	102,2800	1,278,500	1,250,000	1,261,377		(2,088)			5.450	5.229	MS	20,059	68,125	11/29/2006	09/15/2013
842434-CA-8	SOUTHERN CALIFORNIA GAS CO NT				1FE	1,748,015	100,5270	1,794,405	1,785,000	1,759,617		5,996			4.800	5.223	AO	21,420	85,680	01/10/2007	10/01/2012
29250N-AC-9	ENBRIDGE GAS DISTRIBUTION CORP BND	F			1FE	2,997,180	89,4020	2,682,059	3,000,000	2,997,775		338			5.800	5.816	JD	7,733	174,000	05/31/2007	06/15/2014
683078-FY-0	ONTARIO ELECTRICITY FINANCIAL CORP BND		F		1FE	618,030	118,8810	624,124	525,000	560,442		(7,214)			7.450	5.639	MS	9,887	39,113	10/24/1998	03/31/2013
3299999	Total Bonds - Public Utilities - Issuer Obligations					8,624,173	XXX	8,568,207	8,560,000	8,576,546		(2,727)			XXX	XXX	XXX	93,273	532,168	XXX	XXX
3899999	Total - Public Utilities Bonds					8,624,173	XXX	8,568,207	8,560,000	8,576,546		(2,727)			XXX	XXX	XXX	93,273	532,168	XXX	XXX
00767N-AA-0	TEXAS AEGIS CAPCO FUND II CORP BND			2	1	1,107,807	68,1800	1,217,835	1,786,206	1,207,809		100,002			8.309	9.392	MJSD			01/22/2008	08/01/2015
00785*-AA-9	TEXAS CAPCO AEGIS NOTES SERIES 2005			2	1	1,761,284	103,0300	1,814,651	1,761,283	1,761,284					9.130	8.839	MJSD	67,002	157,391	06/22/2005	08/01/2011
00915X-BJ-9	AIR PRODUCTS AND CHEMICALS INC CORP BND				1FE	2,519,049	102,5500	2,409,925	2,350,000	2,389,016		(17,038)			6.250	5.406	JD	6,528	146,875	11/25/2002	02/07/2011
01958X-AZ-0	ALLIED WASTE NORTH AMER INC CORP BND			1	2FE	142,128	95,0000	132,050	139,000	141,086		(814)			7.875	7.151	AO	2,311	11,120	09/05/2007	04/15/2011

E10.2

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

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	Foreign Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Maturity	
025816-AT-6	AMERICAN EXPRESS COMPANY CORP BND			1FE	996,013	99.3020	993,024	1,000,000	998,089		3,949	226		4.750	4.880	JD	1,847	47,500	06/14/2004	06/17/2009	
029171-AC-9	AMR REAL ESTATE CORP BND		1	3FE	136,568	77.0000	107,030	139,000	107,030	(28,071)	444		8.125	8.578	JD	941	11,294	09/06/2007	06/01/2012		
030096-AF-8	AMERICAN STORES CO CORP BND			4FE	949,523	62.5000	625,000	1,000,000	625,000	(324,523)			8.000	8.530	JD	6,667	80,000	06/24/2006	06/01/2026		
03939R-AB-6	ARCH WESTERN FINANCE LLC CORP BND		1	3FE	176,675	87.0000	160,950	185,000	160,950	(17,317)	1,209		6.750	7.723	JJ	6,244	12,488	09/05/2007	07/01/2013		
054303-AM-4	AVON PRODUCTS INC CORP BND			1FE	2,175,580	102.0880	2,041,764	2,000,000	2,024,516	(26,797)			7.150	5.684	MN	18,272	143,000	06/05/2002	11/15/2009		
054929-AG-9	BFC FIN CORP. CORP BND		2	1FE	1,659,500	103.9770	1,559,655	1,500,000	1,620,190	(19,787)			7.375	5.555	JD	9,219	110,625	02/05/2007	12/01/2017		
079868-AA-3	BELLSOUTH TELECOMMUNICATIONS I CORP BND		1	1FE	984,501	111.6910	1,005,219	900,000	970,073	(6,054)			8.650	7.366	JJ	38,709	77,850	06/24/2006	01/02/2020		
122014-AC-7	BURLINGTON RESOURCES INC. CORP BND			1FE	2,199,081	106.5780	1,694,597	1,590,000	1,688,181	(63,317)			9.875	5.399	JD	6,978	157,013	10/24/1998	06/15/2010		
134429-AG-4	CAMPBELL SOUP COMPANY CORP BND			1FE	465,052	127.6000	510,400	400,000	449,951				8.875	7.320	MN	5,917	35,500	02/02/2001	05/01/2021		
141784-DE-5	CARGILL INC CORP BND 144A			1FE	1,502,205	90.6560	1,359,842	1,500,000	1,501,287	(228)			5.000	4.980	MN	9,583	75,000	01/28/2004	11/15/2013		
16161A-BQ-0	CHASE MANHATTAN CO			1FE	3,130,710	100.4080	3,012,241	3,000,000	3,010,016	(21,151)			7.125	6.365	JD	9,500	213,750	03/01/2002	06/15/2009		
165069-AP-0	BELL ATLANTIC MARYLAND INC CORP BND			1FE	1,897,256	91.3430	1,370,138	1,500,000	1,835,412	(7,887)			8.000	6.089	AO	25,333	120,000	10/24/1998	10/15/2029		
165167-BL-0	CHESAPEAKE ENERGY CORP CORP BND		1	3FE	2,955,000	77.5000	2,325,000	3,000,000	2,325,000	(581,916)	4,416		6.375	6.610	JD	8,500	202,500	02/07/2007	08/15/2015		
17453B-AP-6	CITIZENS COMMUNICATIONS CO. CORP BND			3FE	179,450	85.0000	157,250	185,000	157,250	(22,877)	909		6.250	6.928	JJ	5,332	11,563	09/05/2007	01/15/2013		
191219-AW-4	COCA-COLA ENTERPRISES INC. CORP BND			1FE	161,617	102.1690	153,253	150,000	161,460	(358)	2,121		7.000	6.158	AO	2,625	10,500	10/24/1998	10/01/2026		
201615-BS-9	CITIFINANCIAL CORP BND			1FE	981,390	99.9360	999,357	1,000,000	999,225	1,971			10.000	10.220	MN	12,778	100,000	05/09/1989	05/15/2009		
24713#-AC-8	DELOITTE & TOUCHE LLP CORP BND		2	1	444,904	104.5230	428,418	409,880	419,891	(3,240)			7.410	6.425	AO	7,593	30,372	11/02/1998	10/01/2011		
25459H-AE-5	DIRECTV HOLDINGS LLC/DIRECTV F CORP BND		1	3FE	1,000,000	95.5000	955,000	1,000,000	955,000	(45,000)			7.625	7.625	MN	9,743	38,337	05/07/2008	05/15/2016		
26882P-AN-2	ERAC USA FINANCE CO CORP BND 144A			2FE	1,159,450	95.4010	954,008	1,000,000	1,056,031	(25,476)			8.000	5.071	JJ	36,889	80,000	07/28/2004	01/15/2011		
29331#-AA-5	COLORADO CAPCO NOTES SERIES 200A		2	1	38,394	106.7200	40,974	38,394	38,394				9.040	2.584		588	3,512	03/01/2005	03/01/2013		
29332#-AA-2	LOUISIANA CAPCO NOTES SERIES 2002		2	1FE	165,863	102.3900	169,827		165,863				7.420	2.199		2,598	11,909	10/11/2002	03/01/2012		
29335*-AA-3	ENHANCED CAP ALABAMA ISSUER FUND I I SER I		2	1	1,826,246	105.2100	1,921,393	1,826,246	1,826,246				7.060	7.090		21,847	69,940	05/07/2008	03/01/2019		
30251T-AA-7	1ST CHICAGO NBD CAP I CORP BND		2	1FE	325,616	130.1850	357,492	274,603	299,563	(2,127)			8.080	6.091	JJ	10,847	22,188	10/24/1998	01/05/2018		
35671D-AS-4	FREEMONT-MCMORAN COPPER & GOLD CORP BND		1	3FE	738,525	81.5000	559,905	687,000	559,905	(171,404)	(5,498)		8.375	7.075	AO	14,384	57,536	09/05/2007	04/01/2015		
35671D-AT-2	FREEMONT-MCMORAN COPPER & GOLD CORP BND		1	3FE	191,475	69.0000	127,650	185,000	127,650	(58,312)	(1,813)		7.084	7.382	AO	3,349	13,426	09/05/2007	04/01/2009		
369626-2B-9	GE CAPITAL CORP CORP BND			1FE	267,345	95.5810	255,531	267,345	267,345				4.238	4.238	JAJO	2,801		12/19/2008	01/04/2010		
45068H-AF-3	HARTFORD FINANCIAL SERVICES GR CORP BND			1FE	769,665	81.6050	591,640	725,000	749,010	(2,698)			7.300	6.688	MN	8,821	52,925	10/27/1998	11/01/2015		
46623E-HX-0	JPMORGAN CHASE & CO CORP BND			1FE	267,345	97.6980	261,191	267,345	267,345				2.679	2.679	MUSD	438		12/19/2008	03/10/2010		
494550-AU-0	KINDER MORGAN ENERGY PARTNERS CORP BND			2FE	1,997,760	86.9040	1,738,078	2,000,000	1,998,098		178		6.000	6.015	FA	50,000	120,000	01/25/2007	02/01/2017		
524908-AA-8	LEHMAN BROS HOLDINGS INC SENIOR CORP BND			6FE	37,500	9.7500	29,250	300,000	29,250	(8,250)	(1,086)	275,834		7.908		MS	26,400		10/24/1998	03/01/2015	
546268-AG-8	LOUISIANA LD & EXPL CO CORP BND			1FE	164,017	100.3370	150,505	150,000	160,908	(410)			7.650	6.863	JD	956	11,475	10/24/1998	12/01/2023		
59217E-BF-0	METLIFE GLOBAL FUNDING I CORP BND MTN 14			1FE	265,750	89.6980	239,803	267,345	265,792		40		2.189	2.615	FMAN	731		12/19/2008	05/17/2010		
61688A-AX-6	JP MORGAN CHASE & CO MED TERM SUB NT			1FE	482,320	99.9750	499,876	500,000	499,893		2,747		6.000	6.578	JJ	13,833	30,000	02/02/2001	01/15/2009		
628855-AN-8	BANK OF AMERICA CORP BND			1FE	1,306,569	109.6800	1,206,480	1,100,000	1,219,943		(13,494)		10.200	8.024	JJ	51,737	112,200	07/13/2000	07/15/2015		
749121-BV-0	WEST COMMUNICATIONS INTERNATI CORP BND		1	3FE	226,550	71.0000	163,300	230,000	163,300	(63,839)	445		7.500	7.799	FA	6,517	17,250	09/05/2007	02/15/2014		
751277-AM-6	RALSTON PURINA COMPANY CORP BND			1FE	387,610	105.3400	316,020	300,000	308,184	(9,945)			9.250	5.644	AO	5,858	27,750	10/24/1998	10/15/2009		
75884R-AP-8	REGENCY CENTERS, L.P. CORP BND			2FE	1,132,067	69.7830	810,880	1,162,000	1,137,735	2,969			5.250	5.634	FA	25,419	61,005	01/16/2007	08/01/2015		
828807-BV-8	SIMON PROPERTY GROUP L.P. CORP BND			1FE	1,244,575	67.9230	849,042	1,250,000	1,245,519		417		5.875	5.931	MS	24,479	73,438	08/22/2006	03/01/2017		
852060-AJ-1	SPRINT CAPITAL CO CORP BND			3FE	1,202,500	83.5000	1,085,500	1,300,000	1,085,500	(140,480)	23,715	94,475	7.625	7.718	JJ	41,577	99,125	01/18/2001	01/30/2011		
852061-AD-2	SPRINT NEXTEL CORPORATION CORP BND			3FE	1,943,750	70.5000	1,762,500	2,500,000	1,762,500	(213,722)	35,502	414,242	6.000	6.808	JD	12,500	150,000	11/15/2006	12/01/2016		
879240-AX-7	TCI COMMUNICATIONS INC DEB			2FE	2,474,653	100.4180	2,374,896	2,365,000	2,415,137	(8,913)			7.875	7.322	FA	77,602	186,244	01/09/2001	08/01/2013		
913017-AR-0	UNITED TECHNOLOGIES CORP CORP BND			1FE	1,814,919	131.6860	2,030,599	1,542,000	1,737,875	(11,781)			8.875	7.162	MN	17,487	136,853	05/27/2003	11/15/2019		
960394-AP-9	VIACOM INC SENIOR CORP BND			2FE	2,383,240	90.7810	1,815,620	2,000,000	2,204,892	(30,342)			8.875	6.606	JD	8,382	177,500	11/15/2001	06/14/2014		
961548-AL-8	WESTVACO CORPORATION SENIOR CORP BND			2FE	472,227	94.1500	386,957	411,000	456,442	(2,318)			9.750	8.240	JD	1,781	40,073	08/10/1999	06/15/2020		
988498-AA-9	YUM ! BRANDS INC BND			2FE	1,087,650	98.1740	981,739	1,000,000	1,055,984	(14,010)			7.700	5.906	JJ	38,500	77,000	08/17/2006	07/01/2012		
078149-DP-3	BELL CANADA CORP BND		F	3FE	2,023,600	104.4120	2,088,240	2,000,000	2,019,161	(17,187)		42,235	9.500	8.915	AO	40,111	190,000	10/24/1998	10/15/2010		

E10.3

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

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	For	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Maturity
136375-BJ-0.	CANADIAN NATIONAL RAILWAY CORP BND		F		1FE	1,951,260	.99.8690	1,997,379	2,000,000	1,991,278		14,377			4.250	5.018	FA	35,417	85,000	01/26/2006	08/01/2009
05450-AC-4.	BHP FINANCE USA LIMITED CORP BND		F		1FE	1,852,490	105.7080	1,585,627	1,500,000	1,628,819		(28,415)			8.500	6.005	JD	10,625	127,500	10/24/1998	12/01/2012
202712-AE-5.	COMMONWEALTH BANK OF AUSTRALIA		F		1FE	1,994,020	101.8740	2,037,489	2,000,000	1,998,823		753			8.500	8.545	JD	14,167	170,000	05/25/2000	06/01/2010
260540-AA-7.	CORP BND		F		2FE	941,670	104.2700	782,025	750,000	779,993		(20,462)			9.000	5.915	MN	8,625	67,500	10/24/1998	05/15/2010
30250B-AC-3.	DOW CAP BV CORP BND		F		4FE	161,240	58.0000	80,620	139,000	80,620	(76,719)	(1,816)			10.625	8.082	MS	4,923	14,769	09/06/2007	09/01/2016
87203R-AC-6.	FMG FINANCE CORP BND 144A		F	2	2FE	242,286	111.6620	255,508	228,822	233,170		(1,540)			7.156	5.996	MJSD	728	16,374	06/04/2002	12/15/2011
92857T-AG-2.	SYSTEMS 01 AT CORP BND 144A		F		1FE	1,573,225	102.1030	1,531,540	1,500,000	1,539,530		(33,191)			7.750	6.717	FA	43,917	116,250	04/21/2004	02/15/2010
94980L-AD-2.	VODAFONE GROUP PLC CORP BND		F																		
3999999	Total Bonds - Industrial, Misc. - Issuer Obligations					62,638,665	XXX	57,071,683	60,427,332	58,883,414	(1,752,430)	(207,581)	829,133		XXX	XXX	XXX	900,056	4,237,820	XXX	XXX
073905-CR-0.	BEAR STERNS WHOLE CMO 89-1 E			2	1FE	30,662	.99.6300	33,409	33,533	32,045		(179)			8.900	9.983	MON.	249	2,984	02/02/1989	02/01/2019
45660N-W5-0.	RAST WHOLE CMO 04-R2 A2			2	1FE	573,179	86.2850	480,382	556,737	567,823		(756)			5.500	4.976	MON.	2,552	30,611	12/22/2004	09/01/2017
863576-BZ-6.	SASC WHOLE CMO 05-6 2A19			2	1FE	890,542	88.0000	767,840	872,545	887,040		6,450			5.500	5.308	MON.	3,999	47,990	06/16/2005	04/01/2035
94980J-AF-2.	WFMBB WHOLE CMO 03-2 A6			2	1FE	324,728	92.5100	298,170	322,819	322,819		(356)			5.250	4.926	MON.	1,410	16,921	04/12/2005	12/01/2011
94980L-AD-2.	WFMBB WHOLE CMO 04-8 A4			2	1FE	1,252,263	101.0660	1,362,166	1,347,793	1,256,831		4,998	29,777		5.000	6.685	MON.	5,616	67,385	12/22/2004	08/25/2019
4199999	Total Bonds - Industrial, Misc. - Defined Multi-Class Residential Mortgage-Backed Securities					3,071,374	XXX	2,941,967	3,132,919	3,066,558		10,157	29,777		XXX	XXX	XXX	13,826	165,891	XXX	XXX
15132E-GM-4.	CDMC WHOLE CMO 03-9 2A4			2	1FE	415,503	101.4180	443,725	437,521	419,450		3,803			4.841	7.264	MON.	1,765	21,173	06/28/2005	11/25/2018
15132E-KN-7.	CDMC WHOLE CMO 04-5 A8			2	1FE	3,031,262	55.0000	1,671,474	3,039,044	3,208,196		(839)			6.357	6.424	MON.	16,099	201,847	12/01/2008	10/25/2034
83162C-SD-6.	SBAP AGENCY ABS 08-20K 1			2	1	5,000,000	106.5500	5,327,500	5,000,000	5,000,000					6.770	6.770	MN	46,074		11/04/2008	11/01/2028
4299999	Total Bonds - Industrial, Misc. - Other Multi-Class Residential Mortgage-Backed Securities					8,446,765	XXX	7,442,699	8,476,565	8,447,646		2,964			XXX	XXX	XXX	63,938	223,020	XXX	XXX
059500-AD-0.	BACM CMBS 06-3 A4			2	1FE	1,982,188	78.1870	1,563,749	2,000,000	1,984,110		1,424			5.889	6.077	MON.	9,815	117,780	08/16/2007	07/10/2044
12614M-AQ-7.	CNL SUB CMBS 02-2A-B 144A			2	1FE	290,271	73.3040	209,571	285,893	289,928		(233)			2.721	2.597	MON.	65	14,933	03/07/2007	03/27/2029
22822R-AB-6.	CCI SUB CMBS 05-1A-B 144A			2	1FE	680,492	77.0000	535,150	695,000	688,267		4,318			4.878	5.637	MON.	1,507	33,902	06/01/2007	06/15/2035
30604V-AG-3.	FALCON FRAN LOAN LLC SR CMBS 00-1 IO 144			2	1FE	217,875	10.5700	154,135		183,735		(1,809)			3.222	14.727	MON.	3,912	48,104	06/01/2005	05/01/2020
30605A-AQ-6.	FALCON FRAN LOAN LLC CMBS 03-1 A1 144A			2	1FE	496,498	85.9200	435,519	506,889	501,924		1,423			4.856	5.423	MON.	2,051	25,933	08/18/2004	01/05/2025
61745M-LQ-4.	MSC CMBS 1999-FV1 A2			2	1FE	62,435	99.3290	53,455	53,816	53,763		(1,081)			6.530	2.540	MON.	293	3,510	05/27/2003	01/01/2009
87246A-AA-6.	TIAA CMBS 07-C4 A1			2	1FE	1,645,484	94.5410	1,547,965	1,637,340	1,642,589		(2,114)			5.683	5.470	MON.	5,428	93,170	08/02/2007	12/10/2011
92978N-AE-4.	WACHOVIA BANK COMMERCIAL MORTG CMBS.07-C			2	1FE	6,286,214	73.1180	4,642,986	6,350,000	6,291,423		3,858			5.902	6.083	MON.	31,234	381,079	08/10/2007	02/15/2051
4399999	Total Bonds - Industrial, Misc. - Defined Multi-Class Commercial Mortgage-Backed Securities					11,661,457	XXX	9,142,530	11,528,938	11,635,739		5,786			XXX	XXX	XXX	54,305	718,411	XXX	XXX
00075W-AB-5.	ABFC ABS 06-HE1 A2A			2	1FE	136,209	86.3890	117,670	136,209	136,209					0.531	0.532	MON.	12	171	12/19/2008	01/25/2037
362341-D6-3.	GSAA ABS 05-15 2A1			2	1FE	54,587	88.3070	48,204	54,587	54,587					0.561	0.562	MON.	5	70	12/19/2008	01/25/2036
362341-ZT-9.	GSAA ABS 05-14 2A1			2	1FE	16,268	96.5300	15,704	16,268	16,268					0.591	0.591	MON.	2	21	12/19/2008	12/25/2035
55275R-AB-8.	MABS ABS 06-NC3 A2			2	1FE	118,930	92.5200	110,034	118,930	118,930					0.531	0.532	MON.	11	149	12/19/2008	10/25/2036
59023X-AB-2.	MLMI ABS 06-HE6 A2A			2	1FE	162,245	91.5050	148,462	162,245	162,245					0.531	0.532	MON.	9	203	12/19/2008	11/25/2037
61749B-AB-9.	MSAC ABS 06-NC5 A2FP			2	1FE	180,163	93.6690	168,756	180,163	180,163					0.541	0.542	MON.	16	227	12/19/2008	10/25/2036
78444Y-AD-7.	SLMA ABS 08-5 A4			2	1FE	4,500,000	86.4500	3,890,264	4,500,000	4,500,000					5.235	5.269	JAJO	43,189	102,301	04/28/2008	07/25/2023
81376Y-AB-7.	SABR ABS 06-H1 A2A			2	1FE	123,206	95.1500	117,229	123,212	123,209					0.511	0.512	MON.	11	152	12/19/2008	07/25/2036
921796-LP-1.	VANDERBILT MTG & FIN INC ABS 01-C A5			2	1FE	2,060,000	62.2840	1,245,686	2,000,000	2,033,121		(10,374)			6.525	5.885	MON.	10,875	130,500	08/15/2006	05/01/2012
4499999	Total Bonds - Industrial, Misc. - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities					7,351,608	XXX	5,862,009	7,291,614	7,324,732		(10,374)			XXX	XXX	XXX	54,130	233,794	XXX	XXX
4599999	Total - Industrial and Miscellaneous Bonds					93,169,869	XXX	82,460,888	90,857,368	89,358,089	(1,752,430)	(199,048)	858,910		XXX	XXX	XXX	1,086,255	5,578,936	XXX	XXX
5499999	Total - Issuer Obligations					289,948,181	XXX	270,377,237	283,603,211	284,137,293	(3,542,840)	(728,816)	1,227,467		XXX	XXX	XXX	4,462,848	14,755,704	XXX	XXX
5599999	Total - Single Class Mortgage-Backed/Asset-Backed Securities					1,366,844	XXX	1,517,611	1,371,235	1,366,562		(655)			XXX	XXX	XXX	8,063	96,758	XXX	XXX
5699999	Total - Defined Multi-Class Residential Mortgage-Backed Securities					6,447,723	XXX	6,383,959	6,494,450	6,426,531		9,186	29,777		XXX	XXX	XXX	27,786	333,398	XXX	XXX
5799999	Total - Other Multi-Class Residential Mortgage-Backed Securities					8,446,765	XXX	7,442,699	8,476,565	8,447,646		2,964			XXX	XXX	XXX	63,938	223,020	XXX	XXX
5899999	Total - Defined Multi-Class Commercial Mortgage-Backed Securities					12,237,383	XXX	9,726,084	12,093,692	12,202,881		4,158			XXX	XXX	XXX	57,209	753,256	XXX	XXX
5999999	Total - Other Multi-Class Commercial Mortgage-Backed Securities					7,351,608	XXX	5,862,009	7,291,614	7,324,732		(10,374)			XXX	XXX	XXX	54,130	233,794	XXX	XXX
6099999	Totals					325,798,504	XXX	301,309,599	319,330,767	319,905,645	(3,542,840)	(723,537)	1,257,244		XXX	XXX	XXX	4,673,974	16,395,930	XXX	XXX

E10.4

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

SCHEDULE D - PART 2 - SECTION 1

Showing ALL PREFERRED STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes		5 Number of Shares	6 Par Value Per Share	7 Rate Per Share	8 Book/ Adjusted Carrying Value	9 Fair Value		11 Actual Cost	12 Dividends			13 Change in Book/ Adjusted Carrying Value					20 NAIC Desig- nation	21 Date Acquired	
		3 Code	4 Foreign					9 Rate Per Share Used to Obtain Fair Value	10 Fair Value		12 Declared But Unpaid	13 Amount Received During Year	14 Nonadmitted Declared But Unpaid	15 Unrealized Valuation Increase/ (Decrease)	16 Current Year's (Amortization) Accretion	17 Current Year's Other Than Temporary Impairment Recognized	18 Total Change In B./A.C.V. (15 + 16 - 17)	19 Total Foreign Exchange Change In B./A.C.V.			
373334-11-9	GEORGIA POWER COMPANY EQUITY			45,000,000	100.00		3,598,832	79,974	3,598,832	4,500,000		284,375		(958,562)			(958,562)		P2LFE	10/03/2007	
3199999	Total - Preferred Stock - Public Utility						3,598,832	XXX	3,598,832	4,500,000		284,375		(958,562)			(958,562)		XXX	XXX	
060505-DT-8	BANK OF AMERICA CORP BND			2,025,000,000	1.00		1,514,700	0.748	1,514,700	2,025,000		21,023		(510,300)			(510,300)		P2LFE	04/24/2008	
481246-10-4	JPMORGAN XXIV PFD STK			120,000,000	25.00		3,000,000	24.490	2,938,800	3,000,000									RP2LFE	05/07/2008	
929903-27-6	WACHOVIA CORPORATION PFD STK			160,000,000	25.00		3,513,600	21.960	3,513,600	1,336,000				2,129,600		2,664,000	(534,400)		P1L	12/18/2007	
3299999	Total - Preferred Stock - Banks, Trust, Insurance						8,028,300	XXX	7,967,100	6,361,000		21,023		1,619,300		2,664,000	(1,044,700)		XXX	XXX	
5599999	Total - Preferred Stocks						11,627,132	XXX	11,565,932	10,861,000		21,023		808,835		660,738	2,664,000	(2,003,262)		XXX	XXX

E11

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

SCHEDULE D - PART 2 - SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes		5 Number of Shares	6 Book / Adjusted Carrying Value	7 Fair Value		9 Actual Cost	10 Dividends			13 Change in Book / Adjusted Carrying Value			17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 Foreign			7 Rate per Share Used To Obtain Fair Value	8 Fair Value		10 Declared But Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase / (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)			16 Total Foreign Exchange Change in B./A.C.V.
45789#-10-8	INSURANCE COMPANY OF ILLINOIS			2,500,000.000	32,768,072	13.107	32,768,072	26,080,363				988,072		988,072	U	03/31/2000
999999 - Total	- Common Stock - Parent, Subsidiaries, Affiliates				32,768,072	XXX	32,768,072	26,080,363				988,072		988,072	XXX	XXX
7299999 Total	- Common Stocks				32,768,072	XXX	32,768,072	26,080,363				988,072		988,072	XXX	XXX
7399999 Total	- Preferred and Common Stocks				44,395,204	XXX	44,334,004	36,941,363	21,023	808,835		1,648,810	2,664,000	(1,015,190)	XXX	XXX

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues1, the total \$ value (included in Column 8) of all such issues \$32,768,072

E12

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

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
83162C-SD-6	SBAP AGENCY ABS 08-20K 1		11/04/2008	CREDIT SUISSE FIRST BOSTON COR.		5,000,000	5,000,000	
0399999 - Total	- Bonds - U.S. Government					5,000,000	5,000,000	
605580-N4-7	MISSISSIPPI ST MUNI BND GO		01/15/2008	J.P. MORGAN SECURITIES INC.		4,425,200	4,000,000	26,111
1799999 - Total	- Bonds - States, Territories and Possessions					4,425,200	4,000,000	26,111
172252-XV-5	CINCINNATI OHIO CITY SCH DIST MUNI BND G		09/11/2008	CITICORP SECURITIES MARKETS		4,423,560	4,000,000	58,333
295852-DR-5	ERNEST N MORIAL-NEW ORLEANS LA MUNI BND		09/09/2008	LEHMAN BROTHERS INC		5,567,600	5,000,000	41,563
2499999 - Total	- Bonds - Political Subdivisions					9,991,160	9,000,000	99,896
02765U-AT-1	AMERICAN MUN PWR-OHIO INC MUNI BND REV		06/20/2008	J.P. MORGAN SECURITIES INC.		2,025,500	2,000,000	
02765U-AU-8	AMERICAN MUN PWR-OHIO INC MUNI BND REV		06/20/2008	J.P. MORGAN SECURITIES INC.		2,522,400	2,500,000	
341507-TA-9	FLORIDA ST BRD ED MUNI BND REV		06/04/2008	MORGAN STANLEY & CO. INC.		3,032,281	2,895,000	64,735
38122N-AR-3	GOLDEN ST TOB SECURITIZATION C MUNI BND		06/10/2008	MORGAN STANLEY & CO. INC.		5,692,200	5,000,000	16,563
442436-2S-9	HOUSTON TEX MUNI BND REV		09/09/2008	CITICORP SECURITIES MARKETS		2,234,000	2,000,000	32,264
64971M-KT-8	NEW YORK NY CITY TRANSITIONAL MUNI BND R		06/02/2008	BA SECURITIES		2,161,280	2,000,000	9,444
759136-LN-2	REGIONAL TRANSPN DIST COLO MUNI BND REV		08/27/2008	LEHMAN BROTHERS INC		2,790,325	2,500,000	42,708
3199999 - Total	- Bonds - Special Revenue					20,457,986	18,895,000	165,714
00075W-AB-5	ABFC ABS 06-HE1 A2A 0.531% 01/25/37		12/19/2008	BANK OF NEW YORK		136,209	136,209	132
00767N-AA-0	TEXAS AEGIS CAPCO FUND II CORP BND		01/22/2008	ASSIGNMENT OF SECURITIES		1,107,807	1,786,206	
15132E-KN-7	CDMC WHOLE CMO 04-5 A8		12/01/2008	Interest Capitalization		201,847	201,847	
25459H-AE-5	DIRECTV HOLDINGS LLC/DIRECTV F CORP BND		05/07/2008	J.P. MORGAN SECURITIES INC.		1,000,000	1,000,000	
29335-AA-3	ENHANCED CAP ALABAMA ISSUER FUND II SERI		05/07/2008	DIRECT		1,826,246	1,826,246	
362341-DG-3	GSAA ABS 05-15 2A1 0.561% 01/25/36		12/19/2008	BANK OF NEW YORK		54,587	54,587	54
362341-ZT-9	GSAA ABS 05-14 2A1 0.591% 12/25/35		12/19/2008	BANK OF NEW YORK		16,268	16,268	16
36962G-2B-9	GE CAPITAL CORP CORP BND		12/19/2008	BANK OF NEW YORK		267,345	267,345	2,329
46623E-HX-0	JPMORGAN CHASE & CO CORP BND		12/19/2008	BANK OF NEW YORK		267,345	267,345	179
55275R-AB-8	MABS ABS 06-NC3 A2 0.531% 10/25/36		12/19/2008	BANK OF NEW YORK		118,930	118,930	115
59023X-AB-2	MLMI ABS 06-HE6 A2A 0.531% 11/25/37		12/19/2008	BANK OF NEW YORK		162,245	162,245	157
59217E-BF-0	METLIFE GLOBAL FUNDING I CORP BND MTN 14		12/19/2008	BANK OF NEW YORK		267,345	267,345	520
61749B-AB-9	MSAC ABS 06-NC5 A2FP 0.541% 10/25/36		12/19/2008	BANK OF NEW YORK		180,163	180,163	176
78444Y-AD-7	SLMA ABS 08-5 A4 5.235% 07/25/23		04/28/2008	DOLPHIN BRADBURY INC		4,500,000	4,500,000	
81376Y-AB-7	SABR ABS 06-H1 A2A 0.511% 07/25/36		12/19/2008	BANK OF NEW YORK		123,209	123,209	118
4599999 - Total	- Bonds - Industrial, Misc.					10,227,951	10,907,945	3,796
6099997 - Total	- Bonds - Part 3					50,102,297	47,802,945	295,517
6099998 - Total	- Bonds - Part 5					3,130,871	3,085,871	60,547
6099999 - Total	- Bonds					53,233,168	50,888,816	356,064
060505-DT-8	BANK OF AMERICA CORP BND		04/24/2008	BA SECURITIES	2,025,000.000	2,025,000		
48124G-10-4	JPMORGAN XXIV PFD STK		05/07/2008	J.P. MORGAN SECURITIES INC.	120,000.000	3,000,000		
6299999 - Total	- Preferred Stocks - Banks, Trusts, Insurance					5,025,000	XXX	
6599997 - Total	- Preferred Stocks - Part 3					5,025,000	XXX	
6599998 - Total	- Preferred Stocks - Part 5						XXX	
6599999 - Total	- Preferred Stocks					5,025,000	XXX	
7299998 - Total	- Common Stocks - Part 5					19,885,781	XXX	
7299999 - Total	- Common Stocks					19,885,781	XXX	
7399999 - Total	- Preferred and Common Stocks					24,910,781	XXX	
7499999 Totals						78,143,949	XXX	356,064

E13

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

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date
3128X2-C8-6.	FHLMC AGENCY BND MTN 4.000%		03/08/2008	Call	100.0000	2,000,000	2,000,000	1,959,000	2,004,891		12,211		12,211		2,017,102		(17,102)	(17,102)	40,000	03/08/2019.
3128X4-DA-6.	FHLMC AGENCY BND MTN 4.250%		06/23/2008	Maturity		190,000	190,000	186,081	189,126		874		874		190,000				4,038	06/23/2008.
3133M5-FE-5.	FHLB AGENCY BND 5.915% 08/25/08		08/25/2008	Maturity		3,000,000	3,000,000	2,797,380	2,980,446		19,554		19,554		3,000,000				177,450	08/25/2008.
3133X5-RG-5.	FHLB AGENCY BND 7.000% 04/19/19		04/19/2008	Call	100.0000	250,000	250,000	245,625	245,892		85		85		245,977		4,023	4,023	5,000	04/19/2019.
3134A2-DT-2.	FHLMC AGENCY BND 5.750%		04/15/2008	Maturity		4,500,000	4,500,000	4,748,909	4,509,328		(9,328)		(9,328)		4,500,000				129,375	04/15/2008.
0399999	Bonds - U.S. Governments					9,940,000	9,940,000	9,936,995	9,929,683		23,396		23,396		9,953,079		(13,079)	(13,079)	355,863	XXX
455780-AH-9.	IND GOVT AID BON FOREIGN GOV	F	07/01/2008	Redemption	100.0000	50,000	50,000	63,078	61,040		(182)		(182)		60,859		(10,859)	(10,859)		07/01/2020.
480692-AB-8.	JORDAN AID GOVT BND 8.750%	F	09/01/2008	Redemption	100.0000	17,665	17,665	22,520	21,712		(188)		(188)		21,544		(3,879)	(3,879)	1,168	09/01/2019.
1099999	Bonds - All Other Governments					67,665	67,665	85,598	82,752		(350)		(350)		82,403		(14,738)	(14,738)	4,656	XXX
01728A-RW-8.	ALLEGHENY CNTY PA HOSP DEV AUT MUNI BND		11/15/2008	Call	102.0000	5,100,000	5,000,000	4,166,850	4,288,928		17,982		17,982		4,306,910		793,090	793,090	243,750	11/15/2026.
130575-Z8-9.	CALIFORNIA RURAL HOME MTG FINA MUNI BND		06/01/2008	Call	100.0000	65,000	65,000	65,000	65,000						65,000				1,811	08/01/2039.
163123-CM-2.	CHELAN CNTY WASH PUB UTIL MUNI BND REV 1		12/01/2008	Call	100.0000	340,000	340,000	146,200	265,559		7,674		7,674		273,233		66,767	66,767	9,000	12/01/2012.
296122-OB-3.	ESCAMBIA CNTY FL HFA SFMR MUNI BND REV		10/01/2008	Call	100.0000	450,000	450,000	457,313	454,685		(1,823)		(1,823)		452,862		(2,862)	(2,862)	17,085	10/01/2030.
312963-OB-1.	FHLMC GOLD POOL # B11377		12/01/2008	Paydown		37,152	37,152	38,139	37,920		(768)		(768)		37,152				1,115	11/01/2013.
31359B-6U-6.	FNMA AGENCY CMO 93-149 M		12/01/2008	Paydown		66,701	66,701	65,805	66,061		640		640		66,701				2,419	08/25/2023.
31377N-NJ-4.	FNMA AGENCY CMO 03-128 DL		11/01/17	Paydown		20,083	20,083	19,914	19,941		142		142		20,083				808	11/01/2017.
31392D-AV-4.	FNMA SENIOR CMBS 02-M1 C		12/01/2008	Paydown		60,571	60,571	61,769	61,002		(431)		(431)		60,571				2,048	09/01/2011.
31392M-OA-3.	FHLMC AGENCY CMO 2462 EV		12/01/2008	Paydown		84,873	84,873	87,764	86,428		(1,566)		(1,566)		84,873				2,783	04/01/2013.
31393U-XK-4.	FNMA AGENCY CMO 03-128 DL		12/01/2008	Paydown		98,041	98,041	96,387	97,059		982		982		98,041				2,299	08/25/2019.
31393V-JP-7.	FHLMC AGENCY CMO 2626 UN		12/01/2008	Paydown		61,602	61,602	60,145	60,342		1,260		1,260		61,602				1,335	08/15/2029.
31394K-RC-0.	FHLMC AGENCY CMO 2696 DM		12/01/2008	Paydown		176,867	176,867	178,193	177,049		(182)		(182)		176,867				3,938	09/01/2012.
31394L-FA-5.	FHLMC AGENCY CMO 2698 LM		11/15/26	Paydown		44,027	44,027	44,343	44,083		(57)		(57)		44,027				1,747	12/01/2011.
31394L-QJ-4.	INDIANA ST HSG & CMNTY DEV AUT MUNI BND		12/01/2008	Paydown		429,610	429,610	433,906	430,102		(493)		(493)		429,610				9,991	10/01/2011.
45505T-CH-2.	INDIANA ST HSG & CMNTY DEV AUT MUNI BND		07/01/2008	Call	100.0000	150,000	150,000	149,813	149,835		2		2		149,838		162	162	6,790	07/01/2026.
45505T-DD-0.	INDIANA ST HSG & CMNTY DEV AUT MUNI BND		07/01/2008	Call	100.0000	5,000	5,000	4,995	4,997						4,997		3	3	218	01/01/2015.
46246L-WJ-5.	IOWA FIN AUTH REV MUNI BND REV		07/01/2008	Call	100.0000	405,000	405,000	405,000	405,000						405,000				15,675	01/01/2026.
477382-AK-1.	JICARILLA N MEX APACHE NATION MUNITAX BN		12/01/2008	Maturity		2,850,000	2,850,000	2,791,917	2,810,152		39,848		39,848		2,850,000				109,725	12/01/2008.
574754-AB-3.	MASSACHUSETTS BAY TRANS AUTH MUNI BND R		09/02/2008	Call	100.0000	100,000	100,000	100,507	100,280		(28)		(28)		100,252		(252)	(252)	6,729	09/01/2013.
575567-JX-1.	NEVADA IRR DIST CA PG&E MUNI BND REV		05/19/2008	Call	100.0000	2,000,000	2,000,000	1,790,340	1,821,376		2,266		2,266		1,823,642		176,358	176,358	64,500	03/01/2026.
62626M-BJ-3.	NEVADA IRR DIST CA PG&E MUNI BND REV		07/01/2008	Call	100.0000	100,000	100,000	100,000	100,000						100,000				1,118	07/25/2008.
62626M-BJ-3.	NEVADA IRR DIST CA PG&E MUNI BND REV		07/25/2008	Maturity		5,620,000	5,620,000	5,620,000	5,620,000						5,620,000				140,640	07/25/2008.
641321-BT-0.	NEVADA IRR DIST CA PG&E MUNI BND REV		01/01/2008	Call	100.0000	296,000	296,000	207,200	260,658						260,658		35,342	35,342	5,550	07/01/2013.
641321-BT-0.	NEW MEXICO MTG FIN AUTH MUNI BND REV		07/01/2008	Redemption	100.0000	319,000	319,000	223,300	280,912		2,947		2,947		283,859		35,142	35,142	11,963	07/01/2013.
647200-CG-7.	OKLAHOMA HSG FIN AGY MUNI BND REV		07/01/2008	Call	100.0000	705,000	705,000	714,870	713,700		(107)		(107)		713,593		(8,593)	(8,593)	22,563	07/01/2035.
67886R-LC-0.	TACOMA WASH LEASE REV MUNITAX BND REV		09/02/2008	Call	100.0000	120,000	120,000	120,000	120,000						120,000				4,163	09/01/2021.
873521-AT-5.	TENNESSEE HSG DEV AGY MUNI BND REV		09/15/2008	Call	100.0000	100,000	100,000	100,000	100,000						100,000				6,545	03/15/2022.
880459-6J-6.	TUCSON AZ INDL DEV AUTHS JT SI MUNI BND		07/01/2008	Call	100.0000	5,000	5,000	14,985	14,987		1		1		14,988		12	12	698	07/01/2014.
898730-AD-1.	UTAH ST BRD REGENTS MUNI BND REV		07/01/2008	Call	100.0000	5,000	5,000	5,115	5,113		(2)		(2)		5,111		(111)	(111)	255	07/01/2038.
91754R-KX-4.	UTAH ST BRD REGENTS MUNI BND REV		11/18/2008	Call	101.0000	2,121,000	2,100,000	2,011,948	2,104,736		16,264		16,264		2,121,000				49,875	04/01/2025.
3199999	Bonds - Special Revenues					21,945,527	21,824,527	20,281,718	20,765,905		84,561		84,561		20,850,470		1,095,058	1,095,058	747,136	XXX
341081-DW-4.	FLORIDA POWER & LIGHT CO CORP BND		06/01/2008	Maturity		450,000	450,000	486,851	450,924		(924)		(924)		450,000				13,500	06/01/2008.
665501-AC-6.	NORTHERN NAT GAS CO CORP BND 144A		09/15/2008	Maturity		1,375,000	1,375,000	1,483,213	1,384,825		(9,825)		(9,825)		1,375,000				82,813	09/15/2008.
69512E-GN-9.	PACIFICORP AUSTRALIA CORP BND		05/15/2008	Maturity		1,000,000	1,000,000	926,390	995,851		4,149		4,149		1,000,000				31,875	05/15/2008.
68383K-AA-7.	OPTI CANADA CORP BND 144A	F	03/13/2008	Tax Free Exchange		3,045,000	3,000,000	3,045,000	2,970,000	73,679	(1,446)		72,233		3,042,233		2,767	2,767	60,500	12/15/2014.
3899999	Bonds - Public Utilities					5,870,000	5,825,000	5,921,454	5,801,600		(8,046)		65,633		5,867,233		2,767	2,767	198,688	XXX
00785-AA-9.	TEXAS CAPCO AEGIS NOTES SERIES 2005		08/01/2008	Redemption	100.0000	54,466	54,466	54,466	54,466						54,466				4,379	08/01/2011.

E14

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

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date
07384M-U3-4	BSARM WHOLE CMO 04-4 A5		12/01/2008	Paydown		318,723	318,723	304,779	315,169		3,554		3,554		318,723				8,608	06/25/2034
07384M-U3-4	BSARM WHOLE CMO 04-4 A5		12/26/2008	Redemption	98,4287	80,000	81,277	77,721	80,371		893		893		81,264		(1,264)	(1,264)	4,546	06/25/2034
073905-CR-0	BEAR STERNS WHOLE CMO 89-1 E		12/01/2008	Paydown		6,819	6,819	6,235	6,552		266		266		6,819				277	02/01/2019
075816-AA-6	BECKMAN COULTER, INC. CORP BND		06/23/2008	RW PRESSPRICH		2,148,200	2,300,000	2,382,078	2,369,142		(940)		(940)		2,368,201		(220,001)	(220,001)	82,335	06/01/2026
12614M-AQ-7	CNL SUB CMBS 02-2A-B 144A		12/29/2008	Paydown		151,107	151,107	153,421	153,363		(2,556)		(2,556)		151,107				4,535	03/27/2029
15132E-GM-4	CDMC WHOLE CMO 03-9 2A4		12/01/2008	Paydown		138,588	138,588	131,613	131,659		6,929		6,929		138,588				3,982	11/25/2018
24713F-AC-8	DELOITTE & TOUCHE LLP CORP BND		10/01/2008	Redemption	100,0000	136,265	136,265	147,909	140,671		(797)		(797)		139,874		(3,609)	(3,609)	10,097	10/01/2011
257661-AF-5	CREDIT SUISSE USA CORP BND		06/01/2008	Maturity		750,000	750,000	759,760	750,555		(555)		(555)		750,000				24,375	06/01/2008
293316-AA-5	COLORADO CAPCO NOTES SERIES 200A		10/31/2008	Redemption	100,0000	7,087	7,087	7,087	7,087						7,087				429	03/01/2013
29332H-AA-2	LOUISIANA CAPCO NOTES SERIES 2002		10/15/2008	Redemption	100,0000	44,170	44,170	44,170	44,170						44,170				2,060	03/01/2012
30251T-AA-7	1ST CHICAGO NBD CAP I CORP BND		01/05/2008	Redemption	100,0000	16,690	16,690	19,790	18,336		(2)		(2)		18,333		(1,644)	(1,644)	674	01/05/2018
30604V-AG-3	FALCON FRAN LOAN LLC SR CMBS 00-1 10 144		12/01/2008	Paydown				54,868	46,726		(46,726)		(46,726)						4,985	05/01/2020
30605A-AQ-6	FALCON FRAN LOAN LLC CMBS 03-1 A1 144A		12/01/2008	Paydown		183,663	183,663	179,898	181,348		2,315		2,315		183,663				5,443	01/05/2025
351807-AH-5	GE CAPITAL FRANCHISE BD		09/18/2008	J.P. MORGAN SECURITIES INC		975,000	1,000,000	1,236,980	1,095,162		(23,543)		(23,543)		1,071,619		(96,619)	(96,619)	82,153	10/15/2010
369622-DN-2	GE CAPITAL CORP SUB CORP BND		09/18/2008	BA SECURITIES		1,400,000	1,400,000	1,529,346	1,457,141		(8,353)		(8,353)		1,448,788		(48,788)	(48,788)	97,319	05/15/2012
370425-SE-1	GENL MOTORS ACCEPT CO NT		10/07/2008	LIBRA INVESTMENTS		52,820	139,000	55,249	116,476	6,997	1,324	69,548	(61,227)		55,249		(2,429)	(2,429)	10,671	08/28/2012
382388-AN-6	GOODRICH CORP SENIOR CORP BND		04/15/2008	Maturity		2,500,000	2,500,000	2,483,350	2,499,261		739		739		2,500,000				93,750	04/15/2008
451663-AC-2	11/15/16		03/25/2008	GOLDMAN SACHS & CO		90,003	139,000	138,248	127,533	10,757	13		10,770		138,303		(48,300)	(48,300)	4,108	11/15/2016
45660M-W5-0	RAST WHOLE CMO 04-R2 A2		12/01/2008	Paydown		48,761	48,761	50,200	49,798		(1,037)		(1,037)		48,761				1,464	09/01/2017
472319-AD-4	JEFFRIES GROUP INC. CORP BND		02/26/2008	JEFFRIES & CO, INC		2,159,344	2,166,000	2,123,801	2,123,893		819		819		2,124,712		34,632	34,632	26,820	06/08/2014
480206-AL-5	JONES INTERCABLE INC CORP BND		04/15/2008	Maturity		900,000	900,000	906,750	900,280		(280)		(280)		900,000				34,313	04/15/2008
549271-AC-8	LUBRIZOL CORPORATION THE CORP BND		12/01/2008	Maturity		2,400,000	2,400,000	2,566,800	2,427,526		(27,526)		(27,526)		2,400,000				141,000	12/01/2008
552953-AG-6	MGM MIRAGE CORP BND 5.875%		02/27/14	LIBRA INVESTMENTS		128,865	242,000	194,810	221,430	317	4,389	28,459	(23,753)		197,677		(68,812)	(68,812)	18,325	02/27/2014
61745M-GX-5	MSC CMBS 1998-WF2-A2 6.540%		07/15/30	Paydown		186,854	186,854	196,299	187,521		(667)		(667)		186,854				1,348	07/01/2030
61745M-LQ-4	MSC CMBS 1999-FNV1 A2 6.530%		03/15/31	Paydown		1,299,790	1,299,790	1,507,959	1,324,627		(24,837)		(24,837)		1,299,790				55,125	01/01/2009
718159-AH-5	MAZDA SUMITOMO BANK LTD CORP BND		07/01/2008	Maturity		64,141	64,141	81,709	65,590		(1,450)		(1,450)		64,141				6,735	07/01/2008
767754-BL-7	RITE AID CORPORATION CORP BND		10/17/2008	J.P. MORGAN SECURITIES INC		81,315	139,000	111,895	122,494	7,671	959	18,596	(9,966)		112,528		(31,213)	(31,213)	11,902	03/01/2017
785583-AF-2	SABINE PASS LNG CORP BND		10/17/2008	CREDIT SUISSE FIRST BOSTON COR		1,437,500	2,500,000	2,250,000	2,387,500	94,527	7,204	232,745	(131,014)		2,256,486		(818,986)	(818,986)	167,708	11/30/2016
863576-BZ-6	SASC WHOLE CMO 05-6 2A19		12/01/2008	Paydown		127,455	127,455	130,084	128,630		(1,175)		(1,175)		127,455				4,781	04/01/2035
867914-AQ-6	06/01/08		06/01/2008	Maturity		1,270,000	1,270,000	1,347,508	1,276,951		(6,951)		(6,951)		1,270,000				39,688	06/01/2008
87246A-AA-6	08/15/39		12/10/2008	Paydown		268,511	268,511	269,846	269,718		(1,207)		(1,207)		268,511				8,402	12/10/2011
898602-AC-1	VARCO INTL, INC. SENIOR CORP BND		02/15/2008	Maturity		750,000	750,000	735,900	749,748		252		252		750,000				28,125	02/15/2008
94980J-AF-2	WFMS WHOLE CMO 03-2 A6		12/01/2008	Paydown		145,122	145,122	146,211	145,511		(389)		(389)		145,122				3,976	12/01/2011
94980L-AD-2	WFMS WHOLE CMO 04-8 A4		12/01/2008	Paydown		101,140	101,140	94,508	96,174		6,653	1,687	4,966		101,140				2,763	08/25/2019
961548-AS-3	WESTVACO CORPORATION SENIOR CORP BND		01/16/2008	BA SECURITIES		732,503	750,000	771,687	771,650		(144)		(144)		771,506		(39,004)	(39,004)	5,781	06/15/2027
21666M-CC-2	COOPER INDUSTRIES LTD. CORP BND	F	05/08/2008	Maturity		1,000,000	1,000,000	1,024,600	1,004,181		(4,181)		(4,181)		1,000,000				43,740	05/08/2008
87203R-AC-6	SYSTEMS 01 AT CORP BND 144A	F	12/15/2008	Redemption	100,0000	45,476	45,476	48,152	46,646		(206)		(206)		46,440		(964)	(964)	2,005	12/15/2011
4599999	Bonds - Industrial and Miscellaneous					22,200,378	23,771,105	24,325,687	23,895,056	120,269	(116,913)	351,035	(347,679)		23,547,377		(1,347,001)	(1,347,001)	1,058,727	XXX
6099997	Bonds - Part 4					60,023,570	61,428,297	60,551,452	60,474,996	193,948	(17,352)	351,035	(174,439)		60,300,562		(276,993)	(276,993)	2,365,070	XXX
6099998	Bonds - Part 5					1,308,520	3,085,871	3,130,871		(5,489)		(5,489)			3,125,382		(1,816,862)	(1,816,862)	246,375	XXX
6099999	Total - Bonds					61,332,090	64,514,168	63,682,323	60,474,996	193,948	(22,841)	351,035	(179,928)		63,425,944		(2,093,855)	(2,093,855)	2,611,445	XXX
423077-20-7	HEINZ HJ FINANCE CO PFD STK 144A		07/15/2008	Call	10000.0000			1,622,275	1,511,810	216	(12,026)		(11,810)		1,500,000				70,043	XXX
6399999	Preferred Stocks - Industrial and Miscellaneous					1,500,000	XXX	1,622,275	1,511,810	216	(12,026)		(11,810)		1,500,000				70,043	XXX
6599997	Preferred Stocks - Part 4					1,500,000	XXX	1,622,275	1,511,810	216	(12,026)		(11,810)		1,500,000				70,043	XXX
6599998	Preferred Stocks - Part 5					XXX	XXX												XXX	XXX
6599999	Total - Preferred Stocks					1,500,000	XXX	1,622,275	1,511,810	216	(12,026)		(11,810)		1,500,000				70,043	XXX
842587-10-7	SOUTHERN COMPANY		03/24/2008	CITICORP SECURITIES MARKETS		1,680,401	1,680,401	1,621,279	1,821,250	(199,971)			(199,971)		1,621,279				18,918	XXX
6699999	Common Stocks - Public Utilities					1,680,401	1,680,401	1,621,279	1,821,250	(199,971)			(199,971)		1,621,279				18,918	XXX
026874-10-7	ATG CREDIT CORP		06/25/2008	GOLDMAN SACHS & CO		22,900,000	688,920	547,484	1,335,070	(787,586)			(787,586)		547,484		141,436	141,436	9,160	XXX
060505-10-4	BANK OF AMERICA		07/09/2008	DOLPHIN BRADBURY INC		72,630,000	1,675,318	1,733,678	2,996,714	75,535		1,338,571	(1,263,036)		1,733,678		(58,360)	(58,360)	92,966	XXX
064058-10-0	US064058100		06/25/2008	GOLDMAN SACHS & CO		18,868,000	782,133	828,800	920,004	(91,204)			(91,204)		828,800		(46,667)	(46,667)	9,057	XXX
172967-10-1	CITIGROUP INC		03/24/2008	CITICORP SECURITIES MARKETS		30,000,000	712,495	913,500	883,200	30,300					913,500		(201,005)	(201,005)	9,600	XXX

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

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.							
29476L-10-7	EQUITY RESIDENTIAL PROP TR		03/24/2008	CITICORP SECURITIES	18,000.000	777,699		384,877	656,460	(271,583)				(271,583)		384,877		392,823	392,823	17,370	XXX
416515-10-4	HARTFORD FINANCIAL SERVICES GR		06/25/2008	GOLDMAN SACHS & CO	30,000.000	2,075,145		1,720,812	2,615,700	(894,888)				(894,888)		1,720,812		354,333	354,333	47,700	XXX
46625H-10-0	JP MORGAN CHASE & CO		11/13/2008	MONTGOMERY SECURITIES	26,400.000	915,848		714,268	1,152,360	(438,092)				(438,092)		714,268		201,580	201,580	40,128	XXX
902973-30-4	US BANCORP		11/13/2008	MONTGOMERY SECURITIES	35,000.000	899,649		1,013,243	1,110,900	(97,657)				(97,657)		1,013,243		(113,594)	(113,594)	59,500	XXX
949746-10-1	WELLS FARGO CORP		03/24/2008	MARKETS	60,000.000	1,958,564		1,482,840	1,811,400	(328,560)				(328,560)		1,482,840		475,724	475,724	18,600	XXX
6799999	Common Stocks - Banks, Trust and Insurance Companies					10,485,771	XXX	9,339,502	13,481,808	(2,803,735)		1,338,571		(4,142,306)		9,339,502		1,146,270	1,146,270	304,081	XXX
00206R-10-2	AT&T CO # US00206R1023		11/13/2008	Various	62,150.000	1,857,870		1,495,443	2,582,954	(1,087,511)				(1,087,511)		1,495,443		362,426	362,426	86,240	XXX
00724F-10-1	ADOBE SYSTEMS INC		11/13/2008	MONTGOMERY SECURITIES	45,000.000	1,012,310		1,601,550	1,922,850	(273,969)		47,331		(321,300)		1,601,550		(589,240)	(589,240)		XXX
02209S-10-3	ALTRIA GROUP INC		11/13/2008	MONTGOMERY SECURITIES	21,000.000	341,681		300,405	489,504	(189,098)				(189,098)		300,405		41,275	41,275	44,310	XXX
02209S-10-3	ALTRIA GROUP INC		03/31/2008	Spin Off		673,637		673,637	1,097,676	(424,039)				(424,039)		673,637					XXX
037411-10-5	APACHE CORP		11/13/2008	MONTGOMERY SECURITIES	24,200.000	1,778,400		1,585,373	2,602,468	(1,017,095)				(1,017,095)		1,585,373		193,026	193,026	16,940	XXX
054303-10-2	AVON PRODUCTS		06/25/2008	GOLDMAN SACHS & CO	16,500.000	602,654		481,513	652,245	(170,732)				(170,732)		481,513		121,141	121,141	6,600	XXX
097023-10-5	BOEING CO		11/13/2008	MONTGOMERY SECURITIES	11,000.000	448,337		722,920	962,060	(162,053)		77,087		(239,140)		722,920		(274,583)	(274,583)	17,600	XXX
166764-10-0	CHEVRONTXACO CORP		11/13/2008	MONTGOMERY SECURITIES	40,000.000	2,781,980		941,091	3,733,200	(2,792,110)				(2,792,110)		941,091		1,840,890	1,840,890	75,200	XXX
17275R-10-2	CISCO SYSTEMS INC		11/13/2008	Various	119,000.000	2,391,154		2,492,479	3,221,318	(728,839)				(728,839)		2,492,479		(101,325)	(101,325)		XXX
191216-10-0	COCA-COLA COMPANY THE		07/09/2008	DOLPHIN BRADBURY INC	42,000.000	2,148,158		1,866,527	2,577,540	(711,013)				(711,013)		1,866,527		281,630	281,630	31,920	XXX
194162-10-3	COLGATE-PALMOLIVE COMPANY		06/25/2008	GOLDMAN SACHS & CO	41,000.000	2,849,636		2,041,107	3,196,360	(1,155,253)				(1,155,253)		2,041,107		808,529	808,529	31,160	XXX
22160K-10-5	COSTCO WHOLESALE CO		11/13/2008	MONTGOMERY SECURITIES	25,000.000	1,186,141		1,264,638	1,744,000	(479,363)				(479,363)		1,264,638		(78,497)	(78,497)	15,625	XXX
24702R-10-1	DELL INC		11/13/2008	MONTGOMERY SECURITIES	100,000.000	953,395		1,992,000	2,451,000	(459,000)		257,670		(459,000)		1,992,000		(1,038,605)	(1,038,605)		XXX
291011-10-4	EMERSON ELECTRIC CO		11/13/2008	MONTGOMERY SECURITIES	12,000.000	394,249		470,487	679,920	(209,433)				(209,433)		470,487		(76,238)	(76,238)	14,760	XXX
302316-10-2	EXXON MOBIL CO		11/13/2008	MONTGOMERY SECURITIES	30,000.000	2,126,763		1,017,100	2,810,700	(1,793,600)				(1,793,600)		1,017,100		1,109,663	1,109,663	46,500	XXX
369604-10-3	GENERAL ELEC CAP CO		09/18/2008	MARKETS	115,000.000	2,950,923		1,702,570	4,263,050	(2,560,480)				(2,560,480)		1,702,570		1,248,353	1,248,353	128,650	XXX
382388-10-6	GOODRICH CORP		06/25/2008	GOLDMAN SACHS & CO	51,000.000	2,565,388		2,080,706	3,601,110	(1,520,404)				(1,520,404)		2,080,706		484,682	484,682	34,425	XXX
38259P-50-8	GOOGLE #US38259P5089		03/24/2008	MARKETS	6,500.000	2,957,349		2,618,818	4,494,620	(1,875,802)				(1,875,802)		2,618,818		338,531	338,531		XXX
427866-10-8	HERSHEY FOODS CORP		03/31/2008	COR	35,000.000	1,316,283		1,387,750	1,379,000	8,750				8,750		1,387,750		(71,467)	(71,467)		XXX
428236-10-3	HEWLETT PACKARD CO		07/09/2008	DOLPHIN BRADBURY INC	46,500.000	1,979,931		1,898,590	2,347,320	(448,730)				(448,730)		1,898,590		81,341	81,341	11,160	XXX
438516-10-6	HONEYWELL INTERNATIONAL INC		11/13/2008	MONTGOMERY SECURITIES	33,000.000	878,835		1,338,576	2,031,810	(693,234)				(693,234)		1,338,576		(459,741)	(459,741)	27,225	XXX
459200-10-1	IBM CORP		11/13/2008	Various	18,900.000	1,873,179		1,555,927	2,043,090	(487,163)				(487,163)		1,555,927		317,252	317,252	27,010	XXX
478160-10-4	JOHNSON & JOHNSON		11/13/2008	MONTGOMERY SECURITIES	51,000.000	3,035,090		1,693,433	3,401,700	(1,708,268)				(1,708,268)		1,693,433		1,341,657	1,341,657	68,085	XXX
494368-10-3	KIMBERLY-CLARK CORPORATION		11/13/2008	MONTGOMERY SECURITIES	25,000.000	1,405,657		919,602	1,733,500	(813,898)				(813,898)		919,602		486,055	486,055	56,750	XXX
50075M-10-4	KRAFT FOODS INC		07/09/2008	DOLPHIN BRADBURY INC	14,532.000	423,441		317,590	474,179	(156,589)				(156,589)		317,590		105,851	105,851	11,771	XXX
571903-20-2	MARRIOTT INTERNATIONAL INC CL A		03/24/2008	MARKETS	13,000.000	465,306		442,780	444,340	(1,560)				(1,560)		442,780		22,526	22,526	975	XXX
681919-10-6	OMNICOM GROUP		11/13/2008	MONTGOMERY SECURITIES	46,000.000	1,096,422		1,841,081	2,186,380	(345,299)				(345,299)		1,841,081		(744,659)	(744,659)	27,600	XXX
713448-10-8	PEPSICO INC		07/02/2008	LEHMAN BROTHERS INC	10,500.000	688,219		624,713	796,950	(172,237)				(172,237)		624,713		63,505	63,505	12,338	XXX
717081-10-3	PFIZER INC		11/13/2008	MONTGOMERY SECURITIES	72,000.000	1,143,015		1,257,840	1,636,560	33,840		412,560		(378,720)		1,257,840		(114,825)	(114,825)	92,160	XXX
740189-10-5	PRECISION CASTPARTS CORP		03/24/2008	MARKETS	1,000.000	100,530		57,507	138,700	(81,193)				(81,193)		57,507		43,023	43,023	30	XXX
747525-10-3	QUALCOMM INC		11/13/2008	MONTGOMERY SECURITIES	20,400.000	667,886		757,491	802,740	(45,249)				(45,249)		757,491		(89,605)	(89,605)	12,240	XXX
855244-10-9	STARBUCKS CORP		03/24/2008	MARKETS	18,000.000	321,743		374,760	368,460	6,300				6,300		374,760		(53,017)	(53,017)		XXX
882508-10-4	TEXAS INSTRUMENTS INCORPORATED		11/13/2008	MONTGOMERY SECURITIES	59,000.000	970,657		1,067,555	1,970,600	(903,045)				(903,045)		1,067,555		(96,898)	(96,898)	24,190	XXX
907818-10-8	UNION PACIFIC CORP		11/13/2008	Various	39,300.000	4,757,113		3,568,916	4,936,866	(1,367,950)				(1,367,950)		3,568,916		1,188,197	1,188,197	51,870	XXX
911312-10-6	UNITED PARCEL SERV INC		03/24/2008	MARKETS	20,000.000	1,460,656		1,138,500	1,414,400	(275,900)				(275,900)		1,138,500		322,156	322,156	17,400	XXX
931142-10-3	WAL-MART STORES INC		11/13/2008	MONTGOMERY SECURITIES	27,000.000	1,421,674		1,178,550	1,283,310	(104,760)				(104,760)		1,178,550		243,124	243,124	25,178	XXX
966837-10-6	WHOLE FOODS MARKET		03/24/2008	MARKETS	19,000.000	635,577		805,030	775,200	29,830				29,830		805,030		(169,453)	(169,453)	3,800	XXX
983024-10-0	WYETH		11/13/2008	MONTGOMERY SECURITIES	70,000.000	2,372,812		2,523,196	3,093,300	(570,105)				(570,105)		2,523,196		(150,384)	(150,384)	79,800	XXX
6899999	Common Stocks - Industrial and Miscellaneous					57,034,051	XXX	50,097,751	76,340,980	(25,448,584)		794,648		(26,243,232)		50,097,751		6,936,296	6,936,296	1,109,925	XXX
7299997	Common Stocks - Part 4					69,200,223	XXX	61,058,532	91,644,038	(28,452,290)		2,133,219		(30,585,509)		61,058,532		8,141,688	8,141,688	1,432,924	XXX
7299998	Common Stocks - Part 5					16,824,116	XXX	19,885,781				784,441		(784,441)		19,101,340		(2,277,224)	(2,277,224)	250,429	XXX
7299999	Total - Common Stocks					86,024,339	XXX	80,944,313	91,644,038	(28,452,290)		2,917,660		(31,369,950)		80,159,872		5,864,464	5,864,464	1,683,353	XXX
7399999	Total - Preferred and Common Stocks					87,524,339	XXX	82,566,588	93,155,848												

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

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	11 Book/ Adjusted Carrying Value at Disposal	Change in Book/Adjusted Carrying Value					17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends			
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other than Temporary Impairment Recognized	15 Total Change In B./A. C.V. (12 + 13 - 14)	16 Total Foreign Exchange Change in B./A. C.V.								
00075W-AB-5	ABFC ABS 06-HE1 A2A 0.531% 01/25/37		12/19/2008	BANK OF NEW YORK	12/26/2008	Paydown	7,623	7,623	7,623	7,623									10	7			
29335*-AA-3	ENHANCED CAP ALABAMA ISSUER FUND 11 SER1		04/15/2008	DIRECT	10/30/2008	Redemption	100,000	35,758	35,758	35,758									1,369				
362341-D6-3	GSAA ABS 05-15 2A1 0.561% 01/25/36		12/19/2008	BANK OF NEW YORK	12/26/2008	Paydown	2,342	2,342	2,342	2,342									3	2			
362341-ZT-9	GSAA ABS 05-14 2A1 0.591% 12/25/35		12/19/2008	BANK OF NEW YORK	12/25/2008	Paydown	3,250	3,250	3,250	3,250									4	3			
55275R-AB-8	MABS ABS 06-NC3 A2 0.531% 10/25/36		12/19/2008	BANK OF NEW YORK	12/26/2008	Paydown	7,514	7,514	7,514	7,514									9	7			
59023X-AB-2	MLMI ABS 06-HE6 A2A 0.531% 11/25/37		12/19/2008	BANK OF NEW YORK	12/25/2008	Paydown	6,481	6,481	6,481	6,481									8	6			
61749B-AB-9	MSAC ABS 06-NC5 A2FP 0.541% 10/25/36		12/19/2008	BANK OF NEW YORK	12/26/2008	Paydown	6,292	6,292	6,292	6,292									8	6			
81376Y-AB-7	SABR ABS 06-H1 A2A 0.511% 07/25/36		12/19/2008	BANK OF NEW YORK	12/26/2008	Paydown	16,611	16,611	16,611	16,611									21	16			
98155K-AA-0	WORLDCOM INC.-WORLDCOM GROUP CORP BND 04		02/26/2008	DIRECT	02/26/2008	DIRECT	0		45,149									45,149	45,149				
68383K-AB-5	OPTI CANADA INC CORP BND	F	03/13/2008	Tax Free Exchange	12/09/2008	RBC DOMINION SECURITIES INC	3,000,000	3,045,000	1,177,500	3,039,511		(5,489)		(5,489)				(1,862,011)	(1,862,011)	244,943	60,500		
4599999	Bonds - Industrial and Miscellaneous							3,085,871	3,130,871	1,308,520	3,125,382		(5,489)		(5,489)				(1,816,862)	(1,816,862)	246,375	60,547	
6099998	Subtotal Bonds							3,085,871	3,130,871	1,308,520	3,125,382		(5,489)		(5,489)				(1,816,862)	(1,816,862)	246,375	60,547	
055921-10-0	BMC SOFTWARE INC		03/31/2008	MORGAN STANLEY & CO. INC.	11/13/2008	Various	225,000,000	7,325,123	6,764,727	7,325,123								(560,395)	(560,395)				
09062X-10-3	BIOGEN IDEC INC		03/31/2008	MORGAN STANLEY & CO. INC.	11/13/2008	MONTGOMERY SECURITIES	30,000,000	1,861,686	1,334,075	1,508,700			352,986	(352,986)				(174,625)	(174,625)				
718172-10-9	PHILIP MORRIS INTERNATIONAL IN		03/31/2008	Spin Off	06/25/2008	GOLDMAN SACHS & CO	21,000,000	673,637	1,094,027	673,637								420,390	420,390				
767754-10-4	RITE AID CORPORATION		05/06/2008	LITIGATION SETTLEMENT	05/06/2008	LITIGATION SETTLEMENT	0	0	58	58								58	58				
907818-10-8	UNION PACIFIC CORP		05/09/2008	Stock Split	11/13/2008	Various	39,300,000													17,286			
984121-10-3	XEROX CORPORATION		03/11/2008	LITIGATION SETTLEMENT	03/11/2008	LITIGATION SETTLEMENT	0	0	9,256	9,256								9,256	9,256				
679451-10-4	SEAGATE TECHNOLOGY	F	03/31/2008	MORGAN STANLEY & CO. INC.	11/13/2008	MONTGOMERY SECURITIES	49,000,000	1,025,335	229,485	593,880			431,455	(431,455)				(364,395)	(364,395)	17,640			
6899999	Common Stocks - Industrial and Miscellaneous								10,885,781	9,431,628	10,101,340			784,441	(784,441)				(669,711)	(669,711)	34,926		
09253H-50-3	BLACKROCK INTERNATIONAL VALUE OPEN END F		03/31/2008	ASSIGNMENT OF SECURITIES	09/24/2008	DIRECT	344,959,760	9,000,000	7,392,488	9,000,000									(1,607,513)	(1,607,513)	215,503		
7099999	Common Stocks - Mutual Funds																			(1,607,513)	(1,607,513)	215,503	
7299998	Total - Common Stocks								9,000,000	7,392,488	9,000,000			784,441	(784,441)				(2,277,224)	(2,277,224)	250,429		
7399999	Subtotal-Stocks								19,885,781	16,824,116	19,101,340			784,441	(784,441)				(2,277,224)	(2,277,224)	250,429		
7499999	Totals								23,016,652	18,132,636	22,226,722			(5,489)	784,441	(789,930)			(4,094,086)	(4,094,086)	496,804	60,547	

E15

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Admitted Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book / Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
45789#-10-8...	INSURANCE COMPANY OF ILLINOIS		26700	311A	No		32,768,072	2,500,000,000	100.0
1199999 - Common Stock - U.S. P&C Insurer							32,768,072	XXX	XXX
1899999 - Total Common Stocks							32,768,072	XXX	XXX
1999999 Totals							32,768,072	XXX	XXX

- Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$ 173,637,985
- Total amount of intangible assets nonadmitted: \$

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					
0399999 Total				XXX	XXX

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

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1	Codes		4	5	6	7	Change In Book/Adjusted Carrying Value				12	13	Interest					20		
	2	3					8	9	10	11			14	15	16	17	18		19	
Description	Code	Foreign	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due And Accrued Dec. 31 of Current Year On Bond Not In Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	When Paid	Amount Received During Year	Paid for Accrued Interest	
AMERICAN EXPRESS CREDIT CO CORP BND.			12/19/2008	BANK OF NEW YORK	09/10/2009	668,362					668,362	668,362	888		2.175	2.175	MON		363	
BANK OF AMERICA NT & SA / SAN CORP BND.			12/19/2008	BANK OF NEW YORK	06/12/2009	401,017					401,017	401,017	323		1.449	1.449	MON		113	
CREDIT SUISSE FIRST BOSTON SENIOR CORP B.			12/19/2008	BANK OF NEW YORK	06/05/2009	401,017					401,017	401,017	545		1.956	1.964	MON		240	
GOLDMAN SACHS GROUP INC CORP BND.			12/19/2008	BANK OF NEW YORK	11/16/2009	399,072		79			401,017	398,993	1,117		2.229	2.784	FMAN		794	
HSBC FINANCE CORP CORP BND.			12/19/2008	BANK OF NEW YORK	06/19/2009	534,690					534,690	534,690	322		1.668	1.668	MJSD			
LEHMAN BROS HOLDINGS INC CORP BND.			12/19/2008	BANK OF NEW YORK	03/23/2009	26,066			241,279		267,345	267,345			2.871	2.871	MJSD			
MERRILL LYNCH & CO INC CORP BND.			12/19/2008	BANK OF NEW YORK	12/04/2009	401,017					401,017	401,017	617		1.979	1.979	MON		331	
3999999 - Industrial and Miscellaneous - Issuer Obligations						2,831,241		79	241,279		3,074,465	3,072,441	3,812		XXX	XXX	XXX		1,841	
4599999 - Total - Industrial and Miscellaneous Bonds						2,831,241		79	241,279		3,074,465	3,072,441	3,812		XXX	XXX	XXX		1,841	
5499999 - Total - Issuer Obligations						2,831,241		79	241,279		3,074,465	3,072,441	3,812		XXX	XXX	XXX		1,841	
6099999 - Total - Bonds						2,831,241		79	241,279		3,074,465	3,072,441	3,812		XXX	XXX	XXX		1,841	
DREYFUS CASH MANAGEMENT MM FUND.			12/30/2008	Various		88,862,161						88,862,161			1.981	1.981	MAT		199,368	
8099999 - Class One Money Market Mutual Funds						88,862,161					XXX	88,862,161			XXX	XXX	XXX		199,368	
8299999 Totals						91,693,402		79	241,279		XXX	91,934,602	3,812		XXX	XXX	XXX		199,368	1,841

E17

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Part C - Section 3

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

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

SCHEDULE E PART 3 - SPECIAL DEPOSITS

States, Etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits For		All Other Special Deposits	
			The Benefit of All Policyholders		5 Book/Adjusted Carrying Value	6 Fair Value
			3 Book/Adjusted Carrying Value	4 Fair Value		
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA	B	Workers compensation		11,574,322	12,007,395
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA	B	Qualifying		125,401	157,165
12. Hawaii	HI					
13. Idaho	ID	B	Workers compensation		625,348	618,867
14. Illinois	IL	B	Qualifying	2,073,726	2,363,980	
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA	B	Qualifying		51,729	69,743
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM	B	Qualifying		338,435	309,897
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR	B	Multiple		1,981,416	2,281,480
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA	B	Qualifying		280,000	354,612
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. US Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Other Alien	OT	XXX	XXX			
59. Total	XXX	XXX		2,073,726	2,363,980	14,976,651
DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX			
5899.	Totals (Lines 5801 - 5803 + 5898)(Line 58 above)	XXX	XXX			

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? Illinois.....
- 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).07/05/2007
- 3.4 By what department or departments? Illinois.....
- 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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	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.....8
 - 11.13 Total book/adjusted carrying value..... \$6,139,473
- 11.2 If yes, provide explanation
Partnerships that generate historic tax credits and low income housing tax credits.
- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - c. Compliance with applicable governmental laws, rules and regulations;
 - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?..... Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [] No [X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

FINANCIAL

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

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)..... Yes [X] No []
- 22.2 If no, give full and complete information relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provide)
- The Company had a securities lending agreement with Bank of New York. There were no loaned securities at 12/31/08. The company was added to an existing securities lending agreement with JP Morgan on 12/22/08. No securities were loaned prior to 12/31/08. Details are provided in note 17.
- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [] No [X]
- 22.5 If answer to 22.4 is YES, report amount of collateral \$
- 22.6 If answer to 22.4 is NO, report amount of collateral..... \$0
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$
 - 23.22 Subject to reverse repurchase agreements..... \$
 - 23.23 Subject to dollar repurchase agreements..... \$
 - 23.24 Subject to reverse dollar repurchase agreements..... \$
 - 23.25 Pledged as collateral..... \$
 - 23.26 Placed under option agreements..... \$
 - 23.27 Letter stock or securities restricted as to sale..... \$
 - 23.28 On deposit with state or other regulatory body..... \$17,050,377
 - 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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	411,599,046	392,909,188	(18,689,858)
28.2 Preferred stocks.....	11,627,132	11,565,932	(61,200)
28.3 Totals	423,226,178	404,475,120	(18,751,058)

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?.....\$1,526,532

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

1 Name	2 Amount Paid

31.1 Amount of payments for legal expenses, if any?.....\$423,089

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

1 Name	2 Amount Paid
Skadden Arps Slate Meagher & Flom LLP.....	256,794

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$51,964

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

1 Name	2 Amount Paid
American Insurance Association.....	43,570

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	\$276,485,812	\$	.....279,599,524
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$751,718	\$	.....828,888
2.5	Reserve Denominator	\$252,383,317	\$	.....359,942,946
2.6	Reserve Ratio (2.4/2.5)	.....0.003		.....0.002

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

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

- 3.21 Participating policies..... \$0
- 3.22 Non-participating policies..... \$0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

5. For Reciprocal Exchanges Only:

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

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

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

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

5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses..... \$ 240,966
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ 8,771
 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?..... \$ 3,668
 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..... \$ 30,000
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 0
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [] 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 ILLINOIS

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)	862,673,548	876,330,835	859,202,453	877,413,049	813,534,690
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	557,433,320	554,246,613	542,477,296	576,987,863	565,765,653
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	176,931,418	149,232,862	143,299,326	145,627,366	149,345,714
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	22,547,059	19,502,583	16,390,600	13,997,375	11,659,538
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	534	55	70	716	2,352
6. Total (Line 35)	1,619,585,879	1,599,312,948	1,561,369,745	1,614,026,368	1,540,307,946
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)	111,286,267	120,854,667	121,456,506	124,981,448	119,590,056
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	67,518,357	70,200,612	72,341,096	79,146,543	77,652,735
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	65,695,415	72,249,318	70,501,547	72,572,673	74,887,273
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	22,547,059	19,502,583	16,390,600	13,997,375	11,659,538
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	534	55	70	716	2,352
12. Total (Line 35)	267,047,632	282,807,236	280,689,818	290,698,755	283,791,954
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	7,364,833	18,159,841	32,509,474	26,528,450	22,802,007
14. Net investment gain (loss) (Line 11)	17,880,191	21,592,667	22,820,994	24,313,824	31,090,259
15. Total other income (Line 15)	449,240	965,743	(12,425)	431,186	631,923
16. Dividends to policyholders (Line 17)	332,276	237,229	332,000	142,480	107,076
17. Federal and foreign income taxes incurred (Line 19)	6,593,658	9,768,199	13,892,474	15,145,032	16,687,970
18. Net income (Line 20)	18,768,330	30,712,823	41,093,569	35,985,948	37,729,143
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	640,773,622	671,062,138	664,143,852	665,020,385	542,479,691
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	24,882,764	34,066,401	30,768,248	26,201,761	6,261,980
20.2 Deferred and not yet due (Line 13.2)	41,843,600	36,959,106	41,101,806	47,869,127	49,297,359
20.3 Accrued retrospective premiums (Line 13.3)	116,759	101,866	120,661	119,921	185,603
21. Total liabilities excluding protected cell business (Page 3, Line 24)	481,173,923	485,564,153	475,461,207	491,198,864	376,101,819
22. Losses (Page 3, Line 1)	193,863,759	191,021,964	188,680,531	197,038,079	195,594,911
23. Loss adjustment expenses (Page 3, Line 3)	45,191,918	45,480,149	48,174,093	48,457,035	45,363,361
24. Unearned premiums (Page 3, Line 9)	101,009,240	110,383,940	107,103,924	107,743,912	107,651,454
25. Capital paid up (Page 3, Lines 28 & 29)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	159,599,699	185,497,985	188,682,645	173,821,521	166,377,872
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	22,098,653	32,556,078	37,088,905	63,793,812	43,378,179
Risk-Based Capital Analysis					
28. Total adjusted capital	159,599,699	185,497,985	188,682,645	173,821,521	166,377,872
29. Authorized control level risk-based capital	23,168,931	26,074,935	25,908,122	25,511,599	24,320,687
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)	69.2	69.1	73.5	79.4	79.6
31. Stocks (Lines 2.1 & 2.2)	9.6	27.5	25.7	20.4	20.4
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	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	19.9	2.1	0.0	0.0	0.0
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7)	1.3	1.3	0.7	0.2	0.0
37. Receivables for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)	0	0	0	0	0
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	32,768,072	31,780,000	30,168,000	29,100,000	27,990,000
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
44. Affiliated mortgage loans on real estate	0	0	0	0	0
45. All other affiliated	0	0	0	0	0
46. Total of above Lines 40 to 45	32,768,072	31,780,000	30,168,000	29,100,000	27,990,000
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	20.5	17.1	16.0	16.7	16.8

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)	(19,578,574)	4,384,423	5,029,057	(2,424,261)	(916,900)
49. Dividends to stockholders (Line 35)	(15,000,000)	(40,000,000)	(35,985,000)	(25,000,000)	(14,000,000)
50. Change in surplus as regards policyholders for the year (Line 38)	(25,898,287)	(3,184,659)	14,861,124	7,443,649	12,193,387
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)	484,388,769	543,279,706	488,348,476	449,813,544	387,138,241
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	296,105,902	297,464,317	303,760,381	298,716,823	270,505,274
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	95,912,280	69,626,069	60,843,412	63,270,065	65,443,980
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,140,564	(156,621)	1,302,157	3,426,371	1,219,078
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,056,374	694,089	(25,207)	529,534	464,151
56. Total (Line 35)	878,603,889	910,907,560	854,229,219	815,756,337	724,770,724
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)	63,855,245	73,143,766	66,635,407	65,873,585	61,733,478
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	38,399,822	38,934,741	40,759,093	41,584,716	37,090,339
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	43,747,715	33,576,458	32,022,866	31,477,809	33,139,500
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,140,564	(156,621)	1,302,157	3,426,371	1,219,078
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,056,374	694,089	(25,207)	529,534	464,151
62. Total (Line 35)	148,199,720	146,192,433	140,694,317	142,892,015	133,646,546
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)	167.3	152.5	148.8	167.2	170.6
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)	(7,788)	(7,346)	(6,974)	(5,109)	(3,415)
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)	(4.2)	(3.9)	(4.0)	(3.1)	(2.2)
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)	(11,175)	(15,406)	(6,390)	(6,496)	7,727
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(5.9)	(8.9)	(3.8)	(4.2)	6.2

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

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	5,855	2,454	1,387	620	381	0	29	4,550	XXX
2. 1999	227,064	8,220	218,844	152,379	2,572	9,970	52	18,047	0	7,857	177,771	XXX
3. 2000	235,722	8,151	227,571	159,858	2,381	9,711	272	17,963	0	8,894	184,880	XXX
4. 2001	231,212	7,574	223,638	148,208	2,979	10,240	425	19,215	0	7,874	174,259	XXX
5. 2002	232,284	6,220	226,064	124,359	1,656	9,198	310	19,826	0	8,627	151,417	XXX
6. 2003	252,295	7,207	245,088	121,794	1,348	7,712	144	20,758	0	8,399	148,772	XXX
7. 2004	283,181	6,729	276,452	137,058	1,211	7,501	87	21,267	0	11,564	164,527	XXX
8. 2005	297,256	6,568	290,689	134,141	1,814	6,405	149	21,395	0	10,421	159,977	XXX
9. 2006	292,722	11,472	281,250	123,155	1,416	4,065	491	20,196	0	9,395	145,510	XXX
10. 2007	298,243	18,643	279,600	114,777	2,849	2,509	411	19,194	0	9,283	133,221	XXX
11. 2008	288,479	11,994	276,486	87,483	1,319	944	163	18,027	0	5,164	104,972	XXX
12. Totals	XXX	XXX	XXX	1,309,068	22,000	69,642	3,124	196,269	0	87,508	1,549,855	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.	29,793	9,635	14,463	3,394	2,296	292	3,654	223	2,890	0	521	39,551	XXX
2.	2,250	235	1,522	244	176	0	381	(3)	321	0	52	4,174	XXX
3.	2,870	475	1,520	322	158	1	731	129	358	0	144	4,711	XXX
4.	3,135	415	1,283	265	221	17	675	1	332	0	153	4,948	XXX
5.	2,714	152	1,062	106	279	4	637	2	210	0	79	4,638	XXX
6.	2,322	149	1,046	60	227	2	769	0	203	0	230	4,356	XXX
7.	3,213	527	1,372	2	494	0	1,098	(1)	226	0	1,672	5,874	XXX
8.	7,908	100	1,919	(83)	833	1	1,731	(1)	310	0	722	12,686	XXX
9.	16,539	385	3,459	70	1,299	1	3,099	2	399	0	1,166	24,337	XXX
10.	28,248	284	10,645	285	1,169	0	5,978	53	916	0	3,841	46,334	XXX
11.	43,120	682	31,732	569	651	2	8,903	53	4,345	0	8,831	87,445	XXX
12. Totals	142,112	13,037	70,022	5,233	7,802	320	27,656	457	10,510	0	17,411	239,056	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	31,227	8,324
2.	185,045	3,100	181,945	81.5	37.7	83.1	0	0		3,293	881
3.	193,170	3,580	189,591	81.9	43.9	83.3	0	0		3,593	1,118
4.	183,309	4,102	179,207	79.3	54.2	80.1	0	0		3,738	1,210
5.	158,285	2,230	156,055	68.1	35.8	69.0	0	0		3,518	1,120
6.	154,830	1,702	153,129	61.4	23.6	62.5	0	0		3,159	1,197
7.	172,228	1,827	170,401	60.8	27.2	61.6	0	0		4,056	1,818
8.	174,642	1,979	172,663	58.8	30.1	59.4	0	0		9,811	2,875
9.	172,213	2,366	169,847	58.8	20.6	60.4	0	0		19,543	4,795
10.	183,437	3,881	179,555	61.5	20.8	64.2	0	0		38,324	8,010
11.	195,205	2,788	192,417	67.7	23.2	69.6	0	0		73,601	13,844
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	193,864	45,192

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 ILLINOIS

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	129,538	130,530	137,116	138,294	143,752	144,387	147,603	150,842	151,019	152,131	1,112	1,289
2. 1999	149,680	156,165	160,527	161,357	164,046	163,575	163,705	164,109	163,595	163,577	(18)	(532)
3. 2000	XXX	163,175	169,191	170,938	173,129	172,659	172,710	172,124	171,577	171,269	(308)	(855)
4. 2001	XXX	XXX	160,781	160,542	160,211	160,858	161,210	160,574	159,919	159,660	(259)	(914)
5. 2002	XXX	XXX	XXX	142,828	142,079	140,207	137,011	136,351	136,018	136,019	1	(332)
6. 2003	XXX	XXX	XXX	XXX	139,456	137,572	133,937	132,967	132,739	132,168	(571)	(800)
7. 2004	XXX	XXX	XXX	XXX	XXX	154,967	152,939	150,867	149,537	148,908	(628)	(1,959)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	162,222	156,529	151,527	150,958	(569)	(5,571)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	150,755	151,841	149,252	(2,589)	(1,503)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	163,404	159,445	(3,959)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	170,045	XXX	XXX
12. Totals											(7,788)	(11,175)

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	37,151	59,876	75,793	86,283	93,314	98,912	104,137	108,852	113,020	XXX	XXX
2. 1999	82,816	117,170	134,213	144,713	151,123	154,477	156,835	158,235	159,105	159,724	XXX	XXX
3. 2000	XXX	89,442	126,209	143,588	154,269	160,126	163,799	165,131	166,278	166,917	XXX	XXX
4. 2001	XXX	XXX	84,335	118,778	134,887	144,110	149,722	152,520	154,023	155,044	XXX	XXX
5. 2002	XXX	XXX	XXX	71,815	102,163	115,380	123,728	127,674	130,191	131,591	XXX	XXX
6. 2003	XXX	XXX	XXX	XXX	71,328	99,639	113,335	121,209	126,108	128,014	XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX	77,581	113,564	129,965	138,914	143,260	XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	78,656	112,957	129,020	138,582	XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	77,906	112,516	125,313	XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	80,266	114,027	XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	86,945	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	54,956	42,916	35,838	29,316	29,447	22,193	21,492	20,288	17,557	16,949
2. 1999	24,937	10,107	5,456	3,383	3,026	2,685	2,288	2,312	1,768	1,662
3. 2000	XXX	28,770	10,779	5,066	4,387	3,264	3,247	2,740	2,311	1,800
4. 2001	XXX	XXX	32,804	11,284	5,754	3,897	3,608	2,959	2,030	1,692
5. 2002	XXX	XXX	XXX	34,623	15,584	8,818	4,231	2,649	1,945	1,590
6. 2003	XXX	XXX	XXX	XXX	34,122	14,156	5,787	3,587	2,357	1,755
7. 2004	XXX	XXX	XXX	XXX	XXX	38,305	13,304	7,010	3,641	2,469
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	41,763	16,618	5,909	3,735
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,194	11,910	6,486
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	35,045	16,285
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	40,014

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

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	L	29,998,112	28,915,875	0	14,515,884	15,791,435	11,141,155	118,558
2. Alaska	AK	L	11,238,201	11,255,089	0	6,188,381	7,221,019	6,053,314	44,415
3. Arizona	AZ	L	524,694	448,878	0	136,808	339,839	253,418	2,074
4. Arkansas	AR	L	26,650,535	26,679,039	0	14,122,144	15,216,515	8,208,613	105,327
5. California	CA	L	94,434,874	93,708,601	0	32,866,008	25,530,914	44,599,445	373,223
6. Colorado	CO	L	(17,881)	316,459	0	1,596,911	(264,489)	1,471,499	(71)
7. Connecticut	CT	L	87,182,159	87,894,361	0	52,398,585	53,169,378	88,745,060	344,559
8. Delaware	DE	N	0	0	0	0	0	0	0
9. District of Columbia	DC	N	0	0	0	0	0	0	0
10. Florida	FL	L	128,433,131	123,328,148	0	69,163,544	82,222,306	67,799,885	507,590
11. Georgia	GA	L	15,063,190	15,647,954	0	9,552,645	8,604,679	6,327,377	59,532
12. Hawaii	HI	N	0	0	0	0	0	0	0
13. Idaho	ID	L	52,456,856	41,823,780	0	15,241,344	25,260,663	10,320,273	207,319
14. Illinois	IL	L	99,726,988	95,939,241	0	53,265,691	63,009,954	45,204,703	394,138
15. Indiana	IN	L	17,612,749	18,939,605	0	14,677,842	10,174,403	13,340,914	69,609
16. Iowa	IA	L	225,445	201,598	0	117,147	65,417	28,658	891
17. Kansas	KS	L	331,862	282,433	0	119,905	200,826	128,834	1,312
18. Kentucky	KY	L	60,850,949	64,747,101	0	41,235,230	38,813,196	26,771,184	240,493
19. Louisiana	LA	L	329,234	298,130	0	233,596	125,016	205,436	1,301
20. Maine	ME	N	0	0	0	0	0	0	0
21. Maryland	MD	L	10,419,696	10,699,502	0	7,644,143	6,278,809	7,061,594	41,180
22. Massachusetts	MA	N	0	0	0	0	0	0	0
23. Michigan	MI	L	33,156,541	34,543,444	0	23,895,667	25,823,198	45,228,102	131,040
24. Minnesota	MN	L	12,101,903	11,924,824	0	11,290,321	11,454,032	6,699,313	47,829
25. Mississippi	MS	L	32,073,785	30,789,265	0	13,779,581	17,083,651	12,323,187	126,761
26. Missouri	MO	L	117,741,176	120,830,487	0	67,049,071	69,890,346	52,993,238	465,333
27. Montana	MT	L	56,435,074	57,051,633	0	29,388,418	30,434,590	27,776,895	223,041
28. Nebraska	NE	L	7,852,497	7,759,054	0	4,479,645	4,100,787	2,884,781	31,034
29. Nevada	NV	L	13,059,876	13,173,781	0	6,674,563	7,389,754	7,341,524	51,615
30. New Hampshire	NH	N	0	0	0	0	0	0	0
31. New Jersey	NJ	N	0	0	0	0	0	0	0
32. New Mexico	NM	L	0	0	0	0	(7,278)	(1,812)	0
33. New York	NY	N	0	0	0	0	0	0	0
34. North Carolina	NC	N	0	0	0	0	0	0	0
35. North Dakota	ND	N	0	0	0	0	0	0	0
36. Ohio	OH	L	38,340,448	39,486,738	0	22,784,807	25,482,564	18,035,803	151,528
37. Oklahoma	OK	L	511,033	397,214	0	182,791	199,968	102,117	2,020
38. Oregon	OR	L	4,026,771	3,966,731	0	130,985	(38,835)	2,015,280	15,914
39. Pennsylvania	PA	L	1,147,022	1,108,229	0	591,117	668,516	323,769	4,533
40. Rhode Island	RI	N	0	0	0	0	0	0	0
41. South Carolina	SC	N	0	0	0	0	0	0	0
42. South Dakota	SD	N	0	0	0	0	0	0	0
43. Tennessee	TN	L	59,815,611	57,276,647	0	32,195,712	31,748,580	21,894,673	236,402
44. Texas	TX	L	38,358,579	41,142,978	0	23,436,674	23,776,907	12,627,451	441,150
45. Utah	UT	L	7,488,499	7,451,553	0	4,437,931	5,269,904	4,446,871	29,596
46. Vermont	VT	N	0	0	0	0	0	0	0
47. Virginia	VA	L	7,841,654	8,181,191	0	3,796,937	4,419,536	2,816,121	30,992
48. Washington	WA	L	254,550,007	258,673,924	0	134,018,204	132,735,155	165,080,566	1,006,025
49. West Virginia	WV	N	0	0	0	0	0	0	0
50. Wisconsin	WI	L	11,472,081	12,025,249	0	8,378,661	7,611,498	7,336,562	45,340
51. Wyoming	WY	L	21,104,895	21,020,452	0	10,817,709	11,865,257	8,478,376	83,410
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	(a)	36	1,352,538,249	1,347,929,186	0	730,404,603	761,668,011	736,064,179	5,635,013
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0

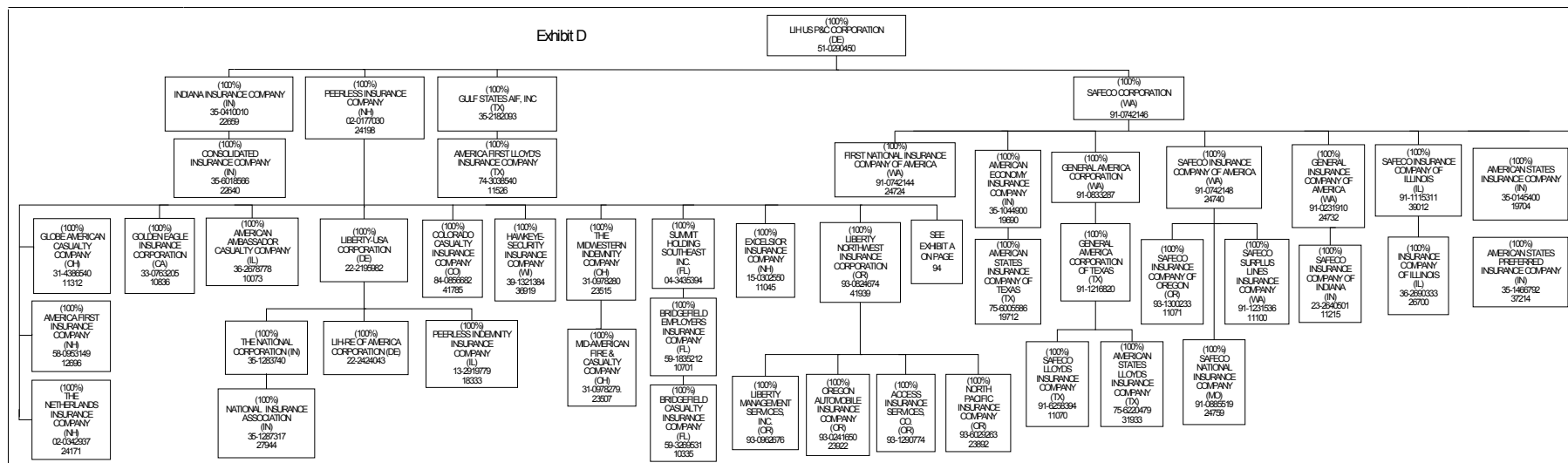
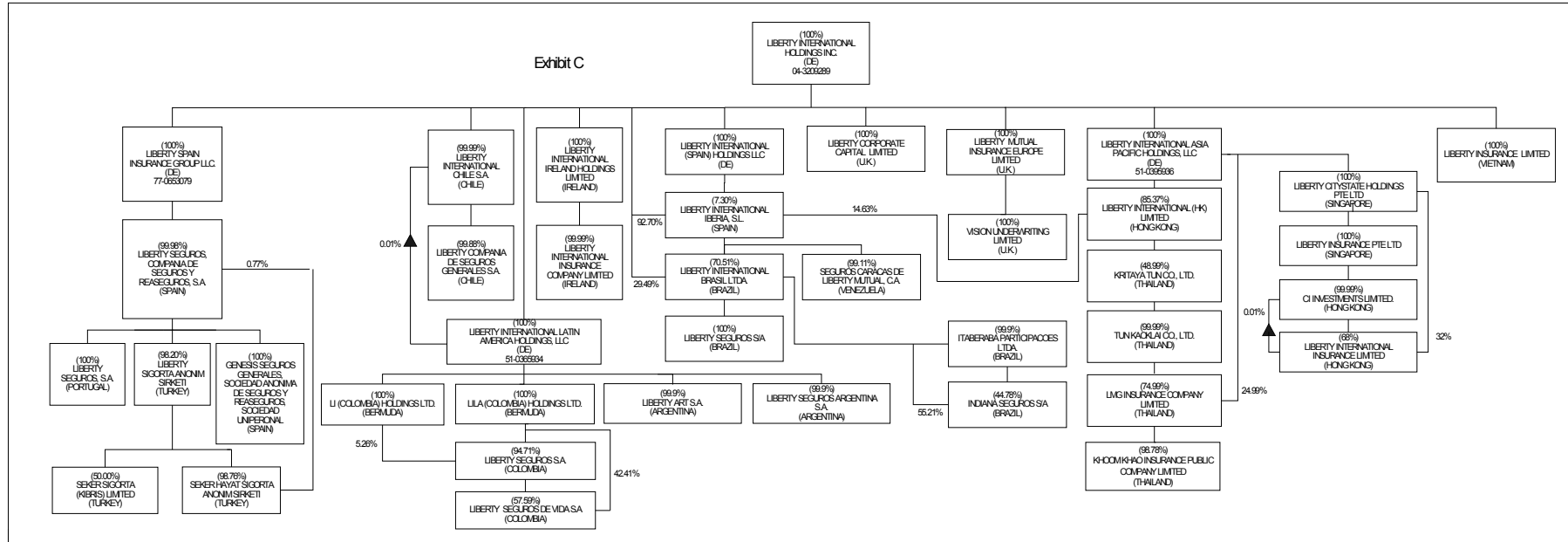
(a) Insert the number of L responses except for Canada and Other Alien.

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.

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

PART 1 - ORGANIZATIONAL CHART



ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK

Assets	2
Cash Flow	5
Exhibit of Capital Gains (Losses)	12
Exhibit of Net Investment Income	12
Exhibit of Nonadmitted Assets	13
Exhibit of Premiums and Losses (State Page)	19
Five-Year Historical Data	17
General Interrogatories	15
Jurat Page	1
Liabilities, Surplus and Other Funds	3
Notes To Financial Statements	14
Overflow Page For Write-ins	97
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10
Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule DA – Verification Between Years	SI11
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E18
Schedule DB – Part A – Section 3	E19
Schedule DB – Part A – Verification Between Years	SI12
Schedule DB – Part B – Section 1	E19
Schedule DB – Part B – Section 2	E20
Schedule DB – Part B – Section 3	E20
Schedule DB – Part B – Verification Between Years	SI12
Schedule DB – Part C – Section 1	E21
Schedule DB – Part C – Section 2	E21
Schedule DB – Part C – Section 3	E22
Schedule DB – Part C – Verification Between Years	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Part D – Section 3	E23
Schedule DB – Part D – Verification Between Years	SI13
Schedule DB – Part E – Section 1	E24
Schedule DB – Part E – Verification	SI13
Schedule DB – Part F – Section 1	SI14
Schedule DB – Part F – Section 2	SI15
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI16
Schedule F – Part 1	20
Schedule F – Part 2	21
Schedule F – Part 3	22
Schedule F – Part 4	23
Schedule F – Part 5	24
Schedule F – Part 6	25
Schedule F – Part 7	26
Schedule F – Part 8	27
Schedule H – Accident and Health Exhibit – Part 1	28
Schedule H – Parts – 2, 3, and 4	29
Schedule H – Part 5 – Health Claims	30
Schedule P – Part 1 – Analysis of Losses and Loss Expenses	31
Schedule P – Part 1A – Homeowners/Farmowners	33
Schedule P – Part 1B – Private Passenger Auto Liability/Medical	34
Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	35
Schedule P – Part 1D – Workers' Compensation	36

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 1E – Commercial Multiple Peril	37
Schedule P – Part 1F – Section 1 – Medical Malpractice – Occurrence	38
Schedule P – Part 1F – Section 2 – Medical Malpractice – Claims-Made	39
Schedule P – Part 1G - Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler and Machinery)	40
Schedule P – Part 1H – Section 1 – Other Liability–Occurrence	41
Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	42
Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	43
Schedule P – Part 1J – Auto Physical Damage	44
Schedule P – Part 1K – Fidelity/Surety	45
Schedule P – Part 1L – Other (Including Credit, Accident and Health)	46
Schedule P – Part 1M – International	47
Schedule P – Part 1N – Reinsurance	48
Schedule P – Part 1O – Reinsurance	49
Schedule P – Part 1P – Reinsurance	50
Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	51
Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	52
Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	53
Schedule P – Part 1T – Warranty	54
Schedule P – Part 2, Part 3 and Part 4 - Summary	32
Schedule P – Part 2A – Homeowners/Farmowners	55
Schedule P – Part 2B – Private Passenger Auto Liability/Medical	55
Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	55
Schedule P – Part 2D – Workers’ Compensation	55
Schedule P – Part 2E – Commercial Multiple Peril	55
Schedule P – Part 2F – Section 1 – Medical Malpractice – Occurrence	56
Schedule P – Part 2F – Section 2 – Medical Malpractice – Claims – Made	56
Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	56
Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	56
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	56
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	57
Schedule P – Part 2J – Auto Physical Damage	57
Schedule P – Part 2K – Fidelity, Surety	57
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	57
Schedule P – Part 2M – International	57
Schedule P – Part 2N – Reinsurance	58
Schedule P – Part 2O – Reinsurance	58
Schedule P – Part 2P – Reinsurance	58
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	59
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	59
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	59
Schedule P – Part 2T – Warranty	59
Schedule P – Part 3A – Homeowners/Farmowners	60

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 3B – Private Passenger Auto Liability/Medical	60
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	60
Schedule P – Part 3D – Workers’ Compensation	60
Schedule P – Part 3E – Commercial Multiple Peril	60
Schedule P – Part 3F – Section 1 –Medical Malpractice – Occurrence	61
Schedule P – Part 3F – Section 2 – Medical Malpractice – Claims-Made	61
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	61
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	61
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	61
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	62
Schedule P – Part 3J – Auto Physical Damage	62
Schedule P – Part 3K – Fidelity/Surety	62
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	62
Schedule P – Part 3M – International	62
Schedule P – Part 3N – Reinsurance	63
Schedule P – Part 3O – Reinsurance	63
Schedule P – Part 3P – Reinsurance	63
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	64
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	64
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	64
Schedule P – Part 3T – Warranty	64
Schedule P – Part 4A – Homeowners/Farmowners	65
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	65
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	65
Schedule P – Part 4D – Workers’ Compensation	65
Schedule P – Part 4E – Commercial Multiple Peril	65
Schedule P – Part 4F – Section 1 – Medical Malpractice – Occurrence	66
Schedule P – Part 4F – Section 2 – Medical Malpractice – Claims-Made	66
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	66
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	66
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	66
Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	67
Schedule P – Part 4J – Auto Physical Damage	67
Schedule P – Part 4K – Fidelity/Surety	67
Schedule P – Part 4L – Other (Including Credit, Accident and Health)	67
Schedule P – Part 4M – International	67
Schedule P – Part 4N – Reinsurance	68
Schedule P – Part 4O – Reinsurance	68
Schedule P – Part 4P – Reinsurance	68
Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	69
Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	69

ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK (Continued)

Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	69
Schedule P – Part 4T – Warranty	69
Schedule P – Part 5A – Homeowners/Farmowners	70
Schedule P – Part 5B – Private Passenger Auto Liability/Medical	71
Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	72
Schedule P – Part 5D – Workers’ Compensation	73
Schedule P – Part 5E – Commercial Multiple Peril	74
Schedule P – Part 5F – Medical Malpractice – Claims-Made	76
Schedule P – Part 5F – Medical Malpractice – Occurrence	75
Schedule P – Part 5H – Other Liability – Claims-Made	78
Schedule P – Part 5H – Other Liability – Occurrence	77
Schedule P – Part 5R – Products Liability – Claims-Made	80
Schedule P – Part 5R – Products Liability – Occurrence	79
Schedule P – Part 5T – Warranty	81
Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	82
Schedule P – Part 6D – Workers’ Compensation	82
Schedule P – Part 6E – Commercial Multiple Peril	83
Schedule P – Part 6H – Other Liability – Claims-Made	84
Schedule P – Part 6H – Other Liability – Occurrence	83
Schedule P – Part 6M – International	84
Schedule P – Part 6N – Reinsurance	85
Schedule P – Part 6O – Reinsurance	85
Schedule P – Part 6R – Products Liability – Claims-Made	86
Schedule P – Part 6R – Products Liability – Occurrence	86
Schedule P – Part 7A – Primary Loss Sensitive Contracts	87
Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	89
Schedule P Interrogatories	91
Schedule T – Exhibit of Premiums Written	92
Schedule T – Part 2 – Interstate Compact	93
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule Y – Part 2 – Summary of Insurer’s Transactions With Any Affiliates	95
Statement of Income	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	96
Underwriting and Investment Exhibit Part 1	6
Underwriting and Investment Exhibit Part 1A	7
Underwriting and Investment Exhibit Part 1B	8
Underwriting and Investment Exhibit Part 2	9
Underwriting and Investment Exhibit Part 2A	10
Underwriting and Investment Exhibit Part 3	11

