



**ANNUAL STATEMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2010  
OF THE CONDITION AND AFFAIRS OF THE

**Safety National Casualty Corporation**

NAIC Group Code 0074, 0074 NAIC Company Code 15105 Employer's ID Number 43-0727872  
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated/Organized November 28, 1942 Commenced Business December 28, 1942

Statutory Home Office 1832 Schuetz Road, St. Louis, Missouri 63146-3540  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1832 Schuetz Road, St. Louis, Missouri 63146-3540 314-995-5300  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1832 Schuetz Road, St. Louis, Missouri 63146-3540  
(Street and Number or P. O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 1832 Schuetz Road, St. Louis, Missouri 63146-3540  
(Street and Number, City or Town, State and Zip Code)  
314-995-5300  
(Area Code) (Telephone Number)

Internet Website Address www.safetynational.com

Statutory Statement Contact Katharine Ferguson-Gross 314-812-4117  
(Name) (Area Code) (Telephone Number) (Extension)  
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**OFFICERS**

Gerald Roger Scott# (President)  
Jeffrey William Otto (Secretary)  
John Paul Csik# (Treasurer)

**OTHER OFFICERS**

Duane Allen Hercules (COO)  
Steven Francis Luebbert (Executive VP)  
Eugene Raymond Maier (Senior VP WC Underwriting)  
Carleton Sherwood Reynolds, III (Senior VP WC Claims)  
Mark Andrew Wilhelm (CEO)

**DIRECTORS OR TRUSTEES**

Charles Donald Ainsworth  
Duane Allen Hercules  
Steven Francis Luebbert#  
Jeffrey William Otto  
Robert Rosenkranz  
Terrence Todd Schoeninger  
Gerald Roger Scott  
Donald Alan Sherman  
Mark Andrew Wilhelm

State of Missouri }  
County of St. Louis } 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.

\_\_\_\_\_  
Gerald Roger Scott#  
President  
Subscribed and sworn to before me this  
day of \_\_\_\_\_ 2011

\_\_\_\_\_  
Jeffrey William Otto  
Secretary

\_\_\_\_\_  
John Paul Csik#  
Treasurer

- a. Is this an original filing? Yes (X) No ( )
- b. If no: 1. State the amendment number 0
- 2. Date filed \_\_\_\_\_
- 3. Number of pages attached 0

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	1,975,319,976	0	1,975,319,976	1,751,661,726
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	105,950,702	0	105,950,702	57,039,305
2.2 Common stocks .....	83,965,971	522,659	83,443,312	69,971,808
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	3,407,050	421,020	2,986,030	3,924,851
3.2 Other than first liens .....	777,973	0	777,973	719,861
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... 0 encumbrances) .....	23,935,811	0	23,935,811	22,603,891
4.2 Properties held for the production of income (less \$ ..... 0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ ..... 0 encumbrances) .....	1,716,648	0	1,716,648	3,629,813
5. Cash (\$ ..... 22,263,043 , Schedule E - Part 1) , cash equivalents (\$ ..... 0 , Schedule E - Part 2) and short-term investments (\$ ..... 47,559,279 , Schedule DA) .....	69,822,322	0	69,822,322	49,482,638
6. Contract loans (including \$ ..... 0 premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets (Schedule BA) .....	83,802,233	0	83,802,233	106,576,628
9. Receivables for securities .....	588,348	488,875	99,473	6,835,677
10. Securities lending reinvested collateral assets .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Line 1 through Line 11) .....	2,349,287,034	1,432,554	2,347,854,480	2,072,446,198
13. Title plants less \$ ..... 0 charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	30,056,962	0	30,056,962	25,975,496
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	20,975,007	2,901,707	18,073,300	19,482,497
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... 4,000,993 earned but unbilled premiums) .....	48,687,401	0	48,687,401	36,131,946
15.3 Accrued retrospective premiums .....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	1,259,188	0	1,259,188	2,878,436
16.2 Funds held by or deposited with reinsured companies .....	4,247,440	0	4,247,440	172,821
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	6,090,548	0	6,090,548	11,842,553
18.2 Net deferred tax asset .....	33,850,096	20,771,551	13,078,545	14,156,553
19. Guaranty funds receivable or on deposit .....	371,424	0	371,424	438,507
20. Electronic data processing equipment and software .....	4,266,310	3,009,130	1,257,180	1,104,857
21. Furniture and equipment, including health care delivery assets (\$ ..... 0 ) .....	3,490,503	3,490,503	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	379,006	0	379,006	540,339
24. Health care (\$ ..... 0 ) and other amounts receivable .....	0	0	0	0
25. Aggregate write-ins for other than invested assets .....	65,859	0	65,859	20,889
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	2,503,026,778	31,605,445	2,471,421,333	2,185,191,092
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. Total (Line 26 and Line 27) .....	2,503,026,778	31,605,445	2,471,421,333	2,185,191,092
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....	0	0	0	0
1103. ....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid Assets .....	65,859	0	65,859	20,889
2502. ....	0	0	0	0
2503. ....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	65,859	0	65,859	20,889

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	1,453,437,606	1,314,344,333
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	34,549,389	33,111,284
4. Commissions payable, contingent commissions and other similar charges .....	0	0
5. Other expenses (excluding taxes, licenses and fees) .....	17,866,075	16,414,186
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	5,132,149	4,994,184
7.1 Current federal and foreign income taxes (including \$ ..... 0 on realized capital gains (losses)) .....	0	0
7.2 Net deferred tax liability .....	0	0
8. Borrowed money \$ ..... 0 and interest thereon \$ ..... 0 .....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 9,548,287 and including warranty reserves of \$ ..... 0 ) .....	139,252,486	119,477,250
10. Advance premium .....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	6,552,766	6,725,945
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	1,659,726	1,790,476
14. Amounts withheld or retained by company for account of others .....	23,764,157	21,037,534
15. Remittances and items not allocated .....	3,928,269	4,263,726
16. Provision for reinsurance (Schedule F, Part 7) .....	3,252,600	1,992,600
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 .....	63	0
20. Derivatives .....	0	0
21. Payable for securities .....	5,817,956	270,009
22. Payable for securities lending .....	0	0
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$ ..... 0 and interest thereon \$ ..... 0 .....	0	0
25. Aggregate write-ins for liabilities .....	47,290,932	34,637,554
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25) .....	1,742,504,174	1,559,059,081
27. Protected cell liabilities .....	0	0
28. Total liabilities (Line 26 and Line 27) .....	1,742,504,174	1,559,059,081
29. Aggregate write-ins for special surplus funds .....	1,011,745	1,152,135
30. Common capital stock .....	5,000,000	5,000,000
31. Preferred capital stock .....	25,000,000	25,000,000
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....	41,283,333	41,283,334
34. Gross paid in and contributed surplus .....	106,649,399	106,649,399
35. Unassigned funds (surplus) .....	549,972,682	447,047,143
36. Less treasury stock, at cost:		
36.1 ..... 0 shares common (value included in Line 30 \$ ..... 0 ) .....	0	0
36.2 ..... 0 shares preferred (value included in Line 31 \$ ..... 0 ) .....	0	0
37. Surplus as regards policyholders (Line 29 to Line 35, less Line 36) (Page 4, Line 39) .....	728,917,159	626,132,011
38. Totals (Page 2, Line 28, Column 3) .....	2,471,421,333	2,185,191,092
<b>DETAILS OF WRITE-INS</b>		
2501. Retroactive Insurance Assumed Reserves .....	44,917,933	32,799,512
2502. Retroactive Insurance Assumed Other Expenses .....	2,372,999	1,838,042
2503. ....	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....	47,290,932	34,637,554
2901. Change in accounting method SSAP 10R .....	1,011,745	1,152,135
2902. ....	0	0
2903. ....	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....	1,011,745	1,152,135
3201. ....	0	0
3202. ....	0	0
3203. ....	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. Totals (Line 3201 through Line 3203 plus Line 3298) (Line 32 above) .....	0	0

## STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4) .....	349,659,774	319,355,769
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7) .....	228,598,642	218,146,248
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	6,988,346	6,555,982
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	107,779,120	98,073,370
5. Aggregate write-ins for underwriting deductions .....	1,876,558	(1,237,940)
6. Total underwriting deductions (Line 2 through Line 5) .....	345,242,666	321,537,660
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	4,417,108	(2,181,891)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	102,520,586	83,579,234
10. Net realized capital gains (losses) less capital gains tax of \$ ..... (5,786,366) (Exhibit of Capital Gains (Losses)) .....	(2,029,918)	(52,120,858)
11. Net investment gain (loss) (Line 9 plus Line 10) .....	100,490,668	31,458,376
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... 218,612 , amount charged off \$ ..... (226,492)) .....	(7,880)	(169,841)
13. Finance and service charges not included in premiums .....	0	0
14. Aggregate write-ins for miscellaneous income .....	0	0
15. Total other income (Line 12 through Line 14) .....	(7,880)	(169,841)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) .....	104,899,896	29,106,644
17. Dividends to policyholders .....	0	0
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) .....	104,899,896	29,106,644
19. Federal and foreign income taxes incurred .....	10,926,279	9,664,912
20. Net income (Line 18 minus Line 19) (to Line 22) .....	93,973,617	19,441,732
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	626,132,011	530,906,586
22. Net income (from Line 20) .....	93,973,617	19,441,732
23. Net transfers (to) from Protected Cell accounts .....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ ..... 7,748,451 .....	16,058,393	50,448,175
25. Change in net unrealized foreign exchange capital gain (loss) .....	501,452	1,851,799
26. Change in net deferred income tax .....	(5,380,899)	9,457,559
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) .....	10,892,585	11,873,166
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	(1,260,000)	2,511,600
29. Change in surplus notes .....	1,283,333	1,283,334
30. Surplus (contributed to) withdrawn from protected cells .....	0	0
31. Cumulative effect of changes in accounting principles .....	0	489,259
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 .....	(12,000,000)	(2,000,000)
36. Change in treasury stock (Page 3, Line 36.1 and Line 36.2, Column 2 minus Column 1) .....	0	0
37. Aggregate write-ins for gains and losses in surplus .....	(1,283,333)	(131,199)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37) .....	102,785,148	95,225,425
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	728,917,159	626,132,011
<b>DETAILS OF WRITE-INS</b>		
0501. Retroactive Insurance Income/Loss .....	1,876,558	(1,237,940)
0502. ....	0	0
0503. ....	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....	1,876,558	(1,237,940)
1401. ....	0	0
1402. ....	0	0
1403. ....	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....	0	0
3701. Unapproved Interest on Surplus Notes .....	(1,283,333)	(1,283,334)
3702. Change in accounting method SSAP 10R .....	(140,390)	1,152,135
3703. Reclassification of additional admitted deferred tax assets to special surplus funds .....	140,390	0
3798. Summary of remaining write-ins for Line 37 from overflow page .....	0	0
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) .....	(1,283,333)	(131,199)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	358,218,521	327,458,365
2. Net investment income	103,531,901	83,622,144
3. Miscellaneous income	8,570,879	36,011,888
4. Total (Line 1 through Line 3)	470,321,301	447,092,397
5. Benefit and loss related payments	88,047,732	87,008,088
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	111,613,561	94,651,016
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(612,092)	1,105,084
10. Total (Line 5 through Line 9)	199,049,201	182,764,188
11. Net cash from operations (Line 4 minus Line 10)	271,272,100	264,328,209
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	260,244,930	192,264,684
12.2 Stocks	7,633,686	66,922,532
12.3 Mortgage loans	2,262,725	3,175,006
12.4 Real estate	383,811	15,353,103
12.5 Other invested assets	40,899,663	26,668,742
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	1,241,183	1,535,837
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	312,665,998	305,919,904
13. Cost of investments acquired (long-term only):		
13.1 Bonds	483,533,215	517,423,001
13.2 Stocks	54,175,319	12,686,779
13.3 Mortgage loans	40,000	3,089,956
13.4 Real estate	1,843,326	1,848,713
13.5 Other invested assets	15,529,748	73,170,462
13.6 Miscellaneous applications	(3,901,831)	11,257,676
13.7 Total investments acquired (Line 13.1 through Line 13.6)	551,219,777	619,476,587
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)	(238,553,779)	(313,556,683)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	1,423,723	131,199
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	12,000,000	2,000,000
16.6 Other cash provided (applied)	(1,802,360)	7,680,474
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(12,378,637)	5,811,673
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	20,339,684	(43,416,801)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of period	49,482,638	92,899,439
19.2 End of year (Line 18 plus Line 19.1)	69,822,322	49,482,638
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0
20.0002	0	0
20.0003	0	0
20.0004	0	0
20.0005	0	0
20.0006	0	0
20.0007	0	0
20.0008	0	0
20.0009	0	0
20.0010	0	0

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire	0	0	0	0
2. Allied lines	0	0	0	0
3. Farmowners multiple peril	0	0	0	0
4. Homeowners multiple peril	0	0	0	0
5. Commercial multiple peril	891,878	9,105	729,487	171,496
6. Mortgage guaranty	0	0	0	0
8. Ocean marine	0	0	0	0
9. Inland marine	0	0	0	0
10. Financial guaranty	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0
12. Earthquake	0	0	0	0
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	0	0	0
16. Workers' compensation	26,979,246	5,947,492	10,153,618	22,773,120
17.1 Other liability - occurrence	4,136,444	1,248,019	1,720,387	3,664,076
17.2 Other liability - claims-made	0	0	0	0
17.3 Excess Workers' Compensation	268,623,555	96,435,837	102,407,990	262,651,402
18.1 Products liability - occurrence	102,059	0	66,865	35,194
18.2 Products liability - claims-made	0	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0	0
19.3, 19.4 Commercial auto liability	666,347	205,498	510,537	361,308
21. Auto physical damage	24,702	22,322	14,188	32,836
22. Aircraft (all perils)	0	0	0	0
23. Fidelity	0	0	0	0
24. Surety	8,471,496	2,159,075	2,243,916	8,386,655
26. Burglary and theft	0	0	0	0
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	45,643	0	0	45,643
32. Reinsurance - Nonproportional Assumed Liability	58,993,525	13,435,892	21,181,156	51,248,261
33. Reinsurance - Nonproportional Assumed Financial Lines	493,832	0	204,049	289,783
34. Aggregate write-ins for other lines of business	0	0	0	0
35. TOTALS	369,428,727	119,463,240	139,232,193	349,659,774
<b>DETAILS OF WRITE-INS</b>				
3401.	0	0	0	0
3402.	0	0	0	0
3403.	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499. Totals (Line 3401 through Line 3403 plus Line 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 Columns 1 + 2 + 3 + 4
1. Fire	0	0	0	0	0
2. Allied lines	0	0	0	0	0
3. Farmowners multiple peril	0	0	0	0	0
4. Homeowners multiple peril	0	0	0	0	0
5. Commercial multiple peril	729,487	0	0	0	729,487
6. Mortgage guaranty	0	0	0	0	0
8. Ocean marine	0	0	0	0	0
9. Inland marine	0	0	0	0	0
10. Financial guaranty	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0
12. Earthquake	0	0	0	0	0
13. Group accident and health	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0
15. Other accident and health	0	0	0	0	0
16. Workers' compensation	10,153,618	0	0	0	10,153,618
17.1 Other liability - occurrence	1,720,387	0	0	0	1,720,387
17.2 Other liability - claims-made	0	0	0	0	0
17.3 Excess Workers' Compensation	102,407,990	0	0	0	102,407,990
18.1 Products liability - occurrence	66,865	0	0	0	66,865
18.2 Products liability - claims-made	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0
19.3, 19.4 Commercial auto liability	510,537	0	0	0	510,537
21. Auto physical damage	14,188	0	0	0	14,188
22. Aircraft (all perils)	0	0	0	0	0
23. Fidelity	0	0	0	0	0
24. Surety	2,243,916	0	0	0	2,243,916
26. Burglary and theft	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0
28. Credit	0	0	0	0	0
29. International	0	0	0	0	0
30. Warranty	0	0	0	0	0
31. Reinsurance - Nonproportional Assumed Property	0	0	0	0	0
32. Reinsurance - Nonproportional Assumed Liability	21,181,156	0	0	0	21,181,156
33. Reinsurance - Nonproportional Assumed Financial Lines	204,049	0	0	0	204,049
34. Aggregate write-ins for other lines of business	0	0	0	0	0
35. TOTALS	139,232,193	0	0	0	139,232,193
36. Accrued retrospective premiums based on experience					0
37. Earned but unbilled premiums					0
38. Balance (Sum of Line 35 through Line 37)					139,232,193
<b>DETAILS OF WRITE-INS</b>					
3401.	0	0	0	0	0
3402.	0	0	0	0	0
3403.	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. Totals (Line 3401 through Line 3403 plus Line 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 Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	0	0	0	0	0	0
2. Allied lines	0	0	0	0	0	0
3. Farmowners multiple peril	0	0	0	0	0	0
4. Homeowners multiple peril	0	0	0	0	0	0
5. Commercial multiple peril	166,878	0	725,000	0	0	891,878
6. Mortgage guaranty	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0
9. Inland marine	0	0	0	0	0	0
10. Financial guaranty	0	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0
13. Group accident and health	0	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0
15. Other accident and health	0	0	0	0	0	0
16. Workers' compensation	28,478,431	1,882,261	202,565	0	3,584,011	26,979,246
17.1 Other liability - occurrence	4,429,164	0	0	0	292,720	4,136,444
17.2 Other liability - claims-made	0	0	0	0	0	0
17.3 Excess Workers' Compensation	284,159,314	0	9,381,029	0	24,916,788	268,623,555
18.1 Products liability - occurrence	106,388	0	0	0	4,329	102,059
18.2 Products liability - claims-made	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability	741,683	0	4,907	0	80,243	666,347
21. Auto physical damage	27,788	0	0	0	3,086	24,702
22. Aircraft (all perils)	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0
24. Surety	8,055,076	416,420	0	0	0	8,471,496
26. Burglary and theft	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0
28. Credit	0	0	0	0	0	0
29. International	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0
31. Reinsurance - Nonproportional Assumed Property	X X X	0	45,643	0	0	45,643
32. Reinsurance - Nonproportional Assumed Liability	X X X	0	60,218,525	0	1,225,000	58,993,525
33. Reinsurance - Nonproportional Assumed Financial Lines	X X X	0	493,832	0	0	493,832
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	326,164,722	2,298,681	71,071,501	0	30,106,177	369,428,727
<b>DETAILS OF WRITE-INS</b>						
3401.	0	0	0	0	0	0
3402.	0	0	0	0	0	0
3403.	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Line 3401 through Line 3403 plus Line 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 \$ 0  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Safety National Casualty Corporation

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire	0	0	0	0	0	0	0	0.0
2. Allied lines	0	0	0	0	0	0	0	0.0
3. Farmowners multiple peril	0	0	0	0	0	0	0	0.0
4. Homeowners multiple peril	0	0	0	0	0	0	0	0.0
5. Commercial multiple peril	694,471	0	912,915	(218,444)	12,108,677	8,867,549	3,022,684	1,762.5
6. Mortgage guaranty	0	0	0	0	0	0	0	0.0
8. Ocean marine	0	0	0	0	0	0	0	0.0
9. Inland marine	0	0	0	0	0	0	0	0.0
10. Financial guaranty	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0.0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0.0
12. Earthquake	0	0	0	0	0	0	0	0.0
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	0	0	0	0	0	0	0.0
16. Workers' compensation	6,095,697	683,437	2,224,849	4,554,285	48,164,616	47,053,025	5,665,876	24.9
17.1 Other liability - occurrence	0	0	0	0	4,242,642	2,137,313	2,105,329	57.5
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0.0
17.3 Excess Workers' Compensation	81,617,390	1,055,236	3,618,219	79,054,407	1,304,698,771	1,183,023,916	200,729,262	76.4
18.1 Products liability - occurrence	0	0	0	0	26,396	0	26,396	75.0
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0	0	0	0.0
19.3, 19.4 Commercial auto liability	0	0	0	0	287,261	37,780	249,481	69.0
21. Auto physical damage	816	0	0	816	24,502	2,333	22,985	70.0
22. Aircraft (all perils)	0	0	0	0	0	0	0	0.0
23. Fidelity	0	0	0	0	0	0	0	0.0
24. Surety	137,191	0	0	137,191	9,428,046	8,471,237	1,094,000	13.5
26. Burglary and theft	0	0	0	0	0	0	0	0.0
27. Boiler and machinery	0	0	0	0	0	0	0	0.0
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	X X X	1,270,036	0	1,270,036	1,680,720	2,906,188	44,568	97.6
32. Reinsurance- Nonproportional Assumed Liability	X X X	5,315,991	0	5,315,991	72,587,616	61,844,992	16,058,615	31.3
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X	0	0	0	188,359	0	188,359	65.0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35. TOTALS	88,545,565	8,324,700	6,755,983	90,114,282	1,453,437,606	1,314,344,333	229,207,555	65.6
<b>DETAILS OF WRITE-INS</b>								
3401	0	0	0	0	0	0	0	0.0
3402	0	0	0	0	0	0	0	0.0
3403	0	0	0	0	0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE Safety National Casualty Corporation

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	0	0	0	0	0	0	0	0	0
2. Allied lines	0	0	0	0	0	0	0	0	0
3. Farmowners multiple peril	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril	2,926,923	0	223,600	2,703,323	10,970,570	22,685	1,587,901	12,108,677	4,589,159
6. Mortgage guaranty	0	0	0	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0	0	0	0
9. Inland marine	0	0	0	0	0	0	0	0	0
10. Financial guaranty	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0	0	0	0
13. Group accident and health	0	0	0	0	0	0	0	(a)	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	(a)	0
15. Other accident and health	0	0	0	0	0	0	0	(a)	0
16. Workers' compensation	17,057,598	2,046,119	7,323,755	11,779,962	35,497,115	9,721,040	8,833,501	48,164,616	7,226,831
17.1 Other liability - occurrence	450,000	0	0	450,000	3,792,642	0	0	4,242,642	0
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
17.3 Excess Workers' Compensation	443,839,483	4,596,822	60,582,194	387,854,111	957,596,934	767,044	41,519,318	1,304,698,771	22,357,397
18.1 Products liability - occurrence	0	0	0	0	26,396	0	0	26,396	0
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability	0	0	0	0	330,697	1,578	45,014	287,261	8,865
21. Auto physical damage	0	0	0	0	24,502	0	0	24,502	1,331
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0	0	0	0
24. Surety	880,580	0	0	880,580	8,455,783	91,683	0	9,428,046	106,769
26. Burglary and theft	0	0	0	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0	0	0	0
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	X X X	833,838	0	833,838	X X X	846,882	0	1,680,720	0
32. Reinsurance- Nonproportional Assumed Liability	X X X	14,325,304	0	14,325,304	X X X	58,262,312	0	72,587,616	259,037
33. Reinsurance- Nonproportional Assumed Financial Lines	X X X	0	0	0	X X X	188,359	0	188,359	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	465,154,584	21,802,083	68,129,549	418,827,118	1,016,694,639	69,901,583	51,985,734	1,453,437,606	34,549,389
<b>DETAILS OF WRITE-INS</b>									
3401.	0	0	0	0	0	0	0	0	0
3402.	0	0	0	0	0	0	0	0	0
3403.	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	4,035,705	0	0	4,035,705
1.2 Reinsurance assumed	86,520	0	0	86,520
1.3 Reinsurance ceded	530,622	0	0	530,622
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	3,591,603	0	0	3,591,603
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	34,538,856	0	34,538,856
2.2 Reinsurance assumed excluding contingent	0	6,402,199	0	6,402,199
2.3 Reinsurance ceded excluding contingent	0	2,301,047	0	2,301,047
2.4 Contingent - direct	0	0	0	0
2.5 Contingent - reinsurance assumed	0	0	0	0
2.6 Contingent - reinsurance ceded	0	0	0	0
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (Line 2.1 plus Line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7)	0	38,640,008	0	38,640,008
3. Allowances to manager and agents	0	0	0	0
4. Advertising	0	1,340,600	0	1,340,600
5. Boards, bureaus and associations	0	1,088,597	0	1,088,597
6. Surveys and underwriting reports	0	546,222	0	546,222
7. Audit of assureds' records	0	174,206	0	174,206
8. Salary and related items:				
8.1 Salaries	566,800	33,184,173	2,838,377	36,589,350
8.2 Payroll taxes	43,360	1,877,662	69,394	1,990,416
9. Employee relations and welfare	141,700	4,805,241	471,705	5,418,646
10. Insurance	0	144,807	0	144,807
11. Directors' fees	0	0	0	0
12. Travel and travel items	0	2,580,851	118,598	2,699,449
13. Rent and rent items	33,000	2,991,058	671,459	3,695,517
14. Equipment	0	2,110,547	0	2,110,547
15. Cost or depreciation of EDP equipment and software	0	1,773,749	0	1,773,749
16. Printing and stationery	0	338,491	0	338,491
17. Postage, telephone and telegraph, exchange and express	0	616,317	27,878	644,195
18. Legal and auditing	0	2,524,455	0	2,524,455
19. Totals (Line 3 through Line 18)	784,860	56,096,976	4,197,411	61,079,247
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 159,983	0	8,105,157	0	8,105,157
20.2 Insurance department licenses and fees	0	1,008,191	0	1,008,191
20.3 Gross guaranty association assessments	0	183,792	0	183,792
20.4 All other (excluding federal and foreign income and real estate)	0	779,078	0	779,078
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)	0	10,076,218	0	10,076,218
21. Real estate expenses	0	0	898,321	898,321
22. Real estate taxes	0	0	213,185	213,185
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	2,611,883	2,965,918	7,451,911	13,029,712
25. Total expenses incurred	6,988,346	107,779,120	12,760,828	(a) 127,528,294
26. Less unpaid expenses - current year	34,549,389	22,998,224	0	57,547,613
27. Add unpaid expenses - prior year	33,111,284	21,408,370	0	54,519,654
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29)	5,550,241	106,189,266	12,760,828	124,500,335
<b>DETAILS OF WRITE-INS</b>				
2401. Banking and Investment Managers Fees	0	0	4,314,782	4,314,782
2402. Contributions	0	113,860	0	113,860
2403. Professional Services	0	2,839,580	337,129	3,176,709
2498. Summary of remaining write-ins for Line 24 from overflow page	2,611,883	12,478	2,800,000	5,424,361
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	2,611,883	2,965,918	7,451,911	13,029,712

(a) Includes management fees of \$ 5,135,851 to affiliates and \$ 0 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 37,895	185,089
1.1 Bonds exempt from U.S. tax	(a) 78,884,425	82,746,808
1.2 Other bonds (unaffiliated)	(a) 17,685,649	17,464,842
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 4,477,750	5,080,176
2.11 Preferred stocks of affiliates	(b) 2,000,000	2,000,000
2.2 Common stocks (unaffiliated)	282,897	279,507
2.21 Common stocks of affiliates	1,680,000	1,634,111
3. Mortgage loans	(c) 357,804	320,218
4. Real estate	(d) 2,472,000	2,472,000
5. Contract loans	0	0
6. Cash, cash equivalents and short-term investments	(e) (98,090)	(92,279)
7. Derivative instruments	(f) 0	0
8. Other invested assets	3,972,433	3,702,349
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	111,752,763	115,792,821
11. Investment expenses		(g) 9,960,828
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 2,800,000
14. Depreciation on real estate and other invested assets		(i) 511,406
15. Aggregate write-ins for deductions from investment income		0
16. Totals deductions (Line 11 through Line 15)		13,272,234
17. Net investment income (Line 10 minus Line 16)		102,520,587
<b>DETAILS OF WRITE-INS</b>		
0901.	0	0
0902.	0	0
0903.	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	0	0
1501.		0
1502.		0
1503.		0
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		0
(a) Includes \$ 9,017,964 accrual of discount less \$ 3,969,264 amortization of premium and less \$ 3,798,667 paid for accrued interest on purchases.	(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.	
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.	(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.	(h) Includes \$ 2,800,000 interest on surplus notes and \$ 0 interest on capital notes.	
(d) Includes \$ 2,472,000 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.	(i) Includes \$ 511,406 depreciation on real estate and \$ 0 depreciation on other invested assets.	
(e) Includes \$ 1,928 accrual of discount less \$ 0 amortization of premium and less \$ 1,108 paid for accrued interest on purchases.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(419,412)	0	(419,412)	0	0
1.1 Bonds exempt from U.S. tax	340,425	0	340,425	0	0
1.2 Other bonds (unaffiliated)	771,440	(10,059,850)	(9,288,410)	3,406,586	1,282,075
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	194,607	0	194,607	772,647	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	712,483	0	712,483	(399,539)	0
2.21 Common stocks of affiliates	0	0	0	14,561,069	0
3. Mortgage loans	73,970	1,282,260	1,356,230	0	0
4. Real estate	71,644	(1,600,999)	(1,529,355)	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	15,594
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	4,948,492	0
9. Aggregate write-ins for capital gains (losses)	694,425	122,725	817,150	517,590	(796,217)
10. Total capital gains (losses)	2,439,582	(10,255,864)	(7,816,282)	23,806,845	501,452
<b>DETAILS OF WRITE-INS</b>					
0901. Canada Translation	0	0	0	0	(796,217)
0902. Foreign Currency Gain (Loss)	0	122,725	122,725	0	0
0903. Other Common Stock Unaffiliated Receivable	694,425	0	694,425	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	517,590	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	694,425	122,725	817,150	517,590	(796,217)

## EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	522,659	611,771	89,112
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	421,020	406,807	(14,213)
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. Derivatives	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivable for securities	488,875	0	(488,875)
10. Securities lending reinvested collateral assets	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Line 1 to Line 11)	1,432,554	1,018,578	(413,976)
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	41,411	41,411
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	2,901,707	2,915,464	13,757
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset	20,771,551	32,822,893	12,051,342
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	3,009,130	2,983,848	(25,282)
21. Furniture and equipment, including health care delivery assets	3,490,503	2,759,059	(731,444)
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivable from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable	0	0	0
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	31,605,445	42,541,253	10,935,808
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Line 26 and Line 27)	31,605,445	42,541,253	10,935,808
<b>DETAILS OF WRITE-INS</b>			
1101.	0	0	0
1102.	0	0	0
1103.	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)	0	0	0
2501.	0	0	0
2502.	0	0	0
2503.	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

- A. The accompanying financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the Missouri Insurance Department.

The Missouri Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Missouri for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Missouri Insurance Law. The NAIC Accounting Practices and Procedures manual has been adopted as a component of prescribed or permitted practices by the State of Missouri.

Pursuant to 20 CSR 200-1.070 (5) (C), Missouri requires the Company to report its accrued but unapproved interest as an addition to the principal face of the surplus note with a corresponding decrease to unassigned funds. There is no monetary impact to surplus or income.

The Missouri Department of Insurance approved a permitted practice request to report direct bail bond premiums written on a net-of-commissions basis. This permitted practice represents a departure from the guidance of SSAP 53, Property Casualty Contracts - Premiums, which requires all direct premiums of an insurer be reported on a gross basis before recognition of any commissions paid. The approval of this permitted practice applies only to the financial reporting for the years ended December 31, 2010, December 31, 2009 and the three quarterly statements for the periods ending March 31, June 30, and September 30, 2011. There is no monetary impact to surplus or income.

- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.
- C. Premiums are recognized as income over the terms of the related insurance policies. The reserve for unearned premiums represents the portion of the premiums written that relate to the unexpired terms of policies in force and is computed utilizing a daily pro-rata method.

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

In addition, the Company uses the following accounting principles:

- (1) Short-term investments are stated at cost or amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method, except for those in reserve classes three through six, which are stated at the lower of amortized cost or market value.
- (3) Common stocks are stated at market value, except for the investment in the stock of affiliated companies, which are valued as stated in item (7) of this Note 1(C) and Note 10 below.
- (4) Perpetual preferred stocks are stated at market value, except for those in reserve classes three through six which are stated at lower of cost or market value.
- (5) Mortgage loans on real estate are stated at amortized cost using the interest method.
- (6) Loan-backed bonds are stated at amortized cost using the interest method, except for those in reserve classes three through six, which are stated at the lower of amortized cost or market value.
- (7) The investments in stock of the Company's wholly owned subsidiaries Safety First and Safety National Re are valued on the equity basis.

## NOTES TO FINANCIAL STATEMENTS

- (8) The Company has certain ownership interests in limited partnerships and limited liability companies. The Company carries these interests based on the underlying audited GAAP equity of the investee.
- (9) N/A.
- (10) The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.
- (11) The reserves for unpaid losses and loss adjustment expenses include amounts determined on the basis of individual claims and actuarially determined estimates of future losses. The methods of making such estimates and for establishing the resulting liabilities are continually reviewed and updated based on current circumstances, and any adjustments resulting there from are reflected in operations.
- (12) N/A.
- (13) N/A.

### 2. Accounting Changes and Corrections of Errors

The Company has not made any material changes in its accounting policies during the year ended December 31, 2010. No material errors occurred, or were required to be corrected in the financial statements for the year ended December 31, 2010.

The Company has written loss portfolio transfers with workers' compensation self-insureds since 1997. These transactions have historically been accounted for as premium, losses and expenses. Prevalent industry practice dictates that such transactions be accounted for as retroactive reinsurance. Effective January 1, 2009 new loss portfolio transfers are recorded on the balance sheet as a write-in liability, any gain or loss is recorded as a write-in item on the statement of income. On December 31, 2010 the Company has recorded as a write-in liability in the amount of \$47.2 million and a loss of \$1.9 million on the statement of income.

In September 2009, the NAIC adopted Statement of Statutory Accounting Principles No. 43 - Revised, "Loan-Backed and Structured Securities," ("SSAP 43R"). SSAP 43R provides guidance on accounting for structured securities and beneficial interest with the primary impact related to other-than-temporary-impairments. As a result of adopting this statement, the Company recognized an increase to surplus of \$1,641,394. See Note 5 below.

In 2009, the NAIC adopted SSAP No. 10R, "Income Taxes - Revised, A Temporary Replacement of SSAP No. 10." SSAP 10R provides guidance on accounting for current and deferred income taxes. As a result of adopting this statement, the Company recognized an increase to surplus of \$1,011,745 in 2010. See Note 9 below.

### 3. Business Combinations and Goodwill

N/A.

### 4. Discontinued Operations

N/A.

### 5. Investments

#### A. Mortgage Loans

- (1) During 2010, the Company acquired a commercial mortgage with a lending rate of 0%.
- (2) N/A.
- (3) The maximum percentage of any one loan to the value of security at the time of the loan was 89%.
- (4) - (5) N/A.
- (6) N/A.
- (7) The impairments on mortgage loans as of December 31, 2010 and December 31, 2009 were \$0 and \$5,042,149, respectively.
- (8) The average investment in impaired mortgage loans as of December 31, 2010 and December 31, 2009 was \$375,433 and \$399,664, respectively.
- (9) N/A.
- (10) N/A.
- (11) N/A.
- (12) N/A.

B. N/A.

C. N/A.

## NOTES TO FINANCIAL STATEMENTS

## D. Loan Backed Securities

(2) Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate environment. The prospective adjustment method is used to value all securities.

(4), (5) The Company did not experience any other-than-temporary impairments based on the Company's intent to sell or inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis. Other-than-temporary impairments classified on the basis that the present value of cash flow expected to be collected is less than the amortized cost basis of the security are presented in the table below:

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Expected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value	Date of Financial Statement Reported
03072SQY4	\$ 216,057	\$ 118,866	\$ (515,839)	\$ 113,817	\$ 94,450	3/31/10
05946XRD7	97,244	74,494	(33,599)	66,164	64,728	3/31/10
05948KNW5	325,844	168,018	(687,820)	143,256	136,910	3/31/10
05948KYF0	120,202	83,657	(35,611)	79,796	77,986	3/31/10
05950EAS7	27,805	23,582	(17,422)	19,847	19,847	3/31/10
05950EAT5	29,024	25,858	(14,689)	21,641	21,641	3/31/10
17307GPJ1	64,508	47,159	(82,558)	39,816	38,060	3/31/10
225470J20	103,242	76,000	(59,624)	68,500	68,500	3/31/10
36246LAT8	146,795	170,812	(15,681)	120,136	120,136	3/31/10
759950EV6	537,050	168,518	(1,606,907)	168,518	148,084	3/31/10
760985D40	601,617	828,052	(38,503)	468,733	395,751	3/31/10
760985ZK0	976,641	869,617	(508,297)	509,622	452,531	3/31/10
76116LCG7	478,043	109,792	(820,215)	99,722	95,818	3/31/10
81378AAC5	312,903	1,101,902	(485,310)	1,101,902	148,322	3/31/10
863576CY8	54,413	21,641	(41,252)	21,641	19,867	3/31/10
933634AT4	133,666	143,276	(16,710)	118,564	113,474	3/31/10
94982FAY7	165,343	168,479	(18,322)	138,796	131,091	3/31/10
02150JAV4	717,242	601,014	(98,329)	601,014	496,260	6/30/10
03072SQY4	113,817	96,807	(22,059)	91,758	84,998	6/30/10
05946XRD7	66,164	62,340	(5,939)	56,379	56,379	6/30/10
05948KYF0	79,796	60,679	(3,833)	79,213	80,128	6/30/10
17307G4L9	2,391,936	2,907,397	(22,327)	2,349,916	2,442,534	6/30/10
17307GPJ1	39,816	43,352	(3,807)	43,352	37,598	6/30/10
17307GTG3	533,418	811,559	0	537,490	537,490	6/30/10
225470J20	68,500	61,502	(14,498)	58,457	58,457	6/30/10
36246LAT8	120,136	142,357	(28,455)	104,779	104,779	6/30/10
61751DAE4	754,908	688,158	(70,158)	688,158	603,404	6/30/10
760985B26	630,102	1,075,788	(313,461)	430,212	430,212	6/30/10
760985ZK0	509,622	844,344	(16,640)	494,525	494,525	6/30/10
76114HAM7	3,338,993	4,022,093	0	3,310,314	3,358,851	6/30/10
863576CY8	21,641	4,615	(17,026)	4,615	4,520	6/30/10
863579Y69	881,980	1,049,200	(145,439)	894,924	894,924	6/30/10
933634AT4	118,564	110,675	(32,501)	92,458	92,458	6/30/10
94982FAY7	138,796	61,188	(107,041)	61,188	52,784	6/30/10
05946XRD7	56,379	29,612	(5,825)	14,624	14,624	9/30/10
05948KNW5	163,831	83,420	(84,483)	83,420	69,906	9/30/10
05948KYF0	79,213	52,051	0	79,188	84,260	9/30/10
05949AW22	324,271	526,566	(153,225)	137,457	137,457	9/30/10
05949CBP0	144,187	206,757	(27,552)	64,356	64,356	9/30/10
05950EAS7	21,972	21,680	(1,902)	11,372	11,372	9/30/10
05950EAT5	24,001	22,615	(3,243)	12,529	12,529	9/30/10
17307GPJ1	43,352	25,309	(10,507)	32,845	32,845	9/30/10
225470J20	58,457	58,795	(2,708)	51,692	51,692	9/30/10
466247BZ5	428,420	584,372	(5,764)	181,217	181,217	9/30/10
466247ST1	186,484	163,060	(202,614)	36,385	36,385	9/30/10
759950EV6	168,518	174,332	0	168,518	162,398	9/30/10
760985B26	430,212	1,011,269	(53,093)	236,893	236,893	9/30/10
760985D40	317,826	227,965	(319,507)	227,965	85,838	9/30/10
760985ZK0	494,525	818,857	(17,385)	308,082	308,082	9/30/10
863576CY8	4,615	0	(4,607)	8	8	9/30/10
94982FAY7	61,188	42,317	(18,871)	42,317	5,098	9/30/10
12668AZW8	3,034,292	3,047,259	(18,790)	3,047,259	2,652,802	9/30/10
81378AAC5	1,101,902	1,116,723	0	1,101,902	813,223	9/30/10
02150JAV4	601,014	611,965	0	588,054	511,091	9/30/10
000780KK1	497,783	471,412	(5,971)	471,412	250,678	9/30/10
933634AT4	92,458	66,599	(43,979)	42,205	42,205	9/30/10
36246LAT8	104,779	0	(106,357)	36,000	36,000	9/30/10
03072SQY4	91,758	74,684	(16,260)	75,498	80,547	9/30/10
76114HAM7	3,310,314	3,898,665	0	3,221,394	3,489,630	9/30/10
17307G4L9	2,349,916	2,777,958	(92,027)	2,227,651	2,518,089	9/30/10
02150JAV4	588,054	561,219	(15,408)	561,219	510,240	12/31/10
03072SQY4	75,498	97,708	0	75,498	78,177	12/31/10
05946XRD7	14,624	10,107	(8,672)	6,848	6,848	12/31/10
05948KRT8	202,235	1,138,580	(304,101)	198,405	198,405	12/31/10
05948X3G4	142,809	190,381	(241,892)	208,395	208,395	12/31/10
05949AKM1	316,814	689,451	(187,647)	308,193	308,193	12/31/10
05949AW22	137,457	228,526	(293,421)	137,527	137,527	12/31/10
05950EAS7	11,372	0	(15,209)	6,471	6,471	12/31/10
05950EAT5	12,529	0	(16,752)	5,863	5,863	12/31/10
12668AZW8	3,047,259	3,081,462	(14,104)	3,081,462	2,755,882	12/31/10

## NOTES TO FINANCIAL STATEMENTS

17307GPJ1	32,845	45,897	0	32,845	21,358	12/31/10
225470J20	51,692	3,265	(7,102)	51,692	59,838	12/31/10
36246LAT8	36,000	0	(21,000)	15,000	15,000	12/31/10
466247BZ5	181,217	261,723	(303,890)	175,196	175,196	12/31/10
760985B26	236,893	943,936	(8,351)	221,143	221,143	12/31/10
760985D40	227,965	79,673	(133,574)	50,189	50,189	12/31/10
760985ZK0	308,082	553,436	(226,464)	305,022	305,022	12/31/10
76112BAH3	513,279	875,135	(510,314)	498,344	498,344	12/31/10
81378AAC5	1,101,902	956,648	(145,254)	956,648	769,774	12/31/10
933634AT4	42,205	125,196	0	22,779	22,779	12/31/10
94982FAY7	42,317	0	(41,717)	600	600	12/31/10
94985RAQ5	1,652,776	1,662,484	0	1,661,594	1,815,728	12/31/10
05948KYF0	1,033,470	121,090	(912,380)	121,090	121,090	9/30/09
07387QAM2	598,575	515,595	(82,979)	515,595	515,322	9/30/09
05946XRD7	286,238	200,512	(85,726)	200,512	200,512	9/30/09
12668AZW8	3,066,853	2,918,597	(148,259)	2,918,593	2,918,596	9/30/09
17307GPJ1	202,832	163,600	(39,232)	163,600	163,600	9/30/09
36246LAT8	1,396,149	369,324	(1,026,825)	369,328	369,324	9/30/09
760985D40	1,241,767	1,144,567	(97,200)	1,144,567	1,144,567	9/30/09
863576CY8	742,672	222,817	(519,855)	222,817	222,817	9/30/09
933634AT4	1,490,295	1,298,862	(191,433)	1,298,862	1,298,862	9/30/09
94982FAY7	793,154	527,841	(265,313)	527,841	527,841	9/30/09
03072SQY4	987,189	629,656	(357,533)	629,656	216,057	12/31/09
05946XRD7	181,107	112,194	(68,913)	112,194	97,244	12/31/09
05950EAS7	172,407	41,004	(131,403)	41,004	27,805	12/31/09
05950EAT5	198,236	40,547	(157,689)	40,547	29,024	12/31/09
12668AZW8	2,964,486	2,940,634	(23,850)	2,940,634	1,820,735	12/31/09
17307GPJ1	163,600	129,717	(33,883)	129,717	64,508	12/31/09
225470J20	657,940	135,623	(522,317)	135,623	103,242	12/31/09
36246LAT8	369,324	186,493	(182,831)	186,493	146,795	12/31/09
760985D40	1,163,840	961,789	(202,051)	961,789	601,617	12/31/09
863576CY8	222,817	62,893	(159,924)	62,893	54,413	12/31/09
86359AQS5	561,077	548,413	(12,664)	548,413	548,413	12/31/09
933634AT4	1,298,017	182,263	(1,115,754)	182,263	133,666	12/31/09
94982FAY7	525,266	187,730	(337,535)	187,730	165,343	12/31/09
<hr/>						
	\$58,400,630	\$58,103,621	\$(16,264,963)	47,922,160	\$43,529,087	

(5) N/A.

(6) Loan Backed and Structured Securities with an Unrealized Loss Position that are not Other-Than-Temporary (\$'s in 000's)

Less than 12 Months		12 Months or More		Total	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
\$21,452	\$(1,568)	\$32,199	\$(1,982)	\$53,651	\$(3,550)

(7) Declines in the fair value of investments that are considered in the judgment of management to be other than temporary are reported as realized losses. Management evaluates, among other things, the financial position and prospects of the issuer, conditions in the issuer's industry and geographic area, liquidity of the investment, changes in the amount or timing of expected future cash flows from the investment, and recent changes in credit ratings of the issuer by a rating agency to determine if and when a decline in the fair value of an investment below amortized cost is other than temporary. The length of time and extent to which the fair value of the investment is lower than its amortized cost, the Company's ability and intent to retain the investment to allow for any anticipated recovery in the investment's fair value and whether the Company has made a decision to sell the investment are other factors also considered.

E. N/A.

F. Real Estate

(1), (2) The Company recognized a \$1.4 million impairment on one property located in Nevada, a \$0.1 million impairment on one property located in North Carolina, and a \$0.03 million impairment on one property located in Colorado due to the continuing decline in the real estate market. The valuation of the properties has been determined by the Company's investment manager considering current market conditions. OTTI's are recorded in net realized capital losses at December 31, 2010.

The company had four properties classified as held for sale during during 2009. One property was sold as of September 30, 2009 with no gain/loss, and another was transferred to mortgage loans held as of December 31, 2009 with an other than temporary impairment recorded of approximately \$700,000. The market value of the remaining properties held for sale also declined resulting in other-than-temporary impairments totaling approximately \$3,635,324.

(3) - (4) N/A.

## NOTES TO FINANCIAL STATEMENTS

G. N/A.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships or limited liability companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in joint ventures, partnerships and limited liability companies during the statement periods.

7. Investment Income

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

All investment income due and accrued with amounts that are over ninety days past due.

- B. The total amount excluded at December 31, 2010 and 2009 was \$0 and \$41,411, respectively.

8. Derivative Instruments

N/A.

9. Income Taxes

- A.1. The components of the net deferred tax asset at December 31 are as follows:

	Ordinary	2010 Capital	Total
(a)Gross Deferred Tax Assets	\$22,488,678	\$ 30,028,517	\$ 52,517,195
(b)Statutory Valuation Allowance	\$ 0	\$ 0	\$ 0
(c)Adjusted Gross Deferred Tax Assets (1a-1b)	\$22,488,678	\$ 30,028,517	\$ 52,517,195
(d)Deferred Tax Liabilities	\$ 3,784,946	\$ 14,882,153	\$ 18,667,099
(e)Subtotal (Net Deferred Tax Assets) (1c-1d)	\$18,703,732	\$ 15,146,364	\$ 33,850,096
(f)Deferred Tax Assets Nonadmitted	\$ 5,625,187	\$ 15,146,364	\$ 20,771,551
(g)Net Admitted Deferred Tax Assets (1e-1f)	\$13,078,545	\$ 0	\$ 13,078,545
		2009	
	Ordinary	Capital	Total
(a)Gross Deferred Tax Assets	\$21,364,980	\$ 26,459,010	\$ 47,823,990
(b)Statutory Valuation Allowance	\$ 0	\$ 0	\$ 0
(c)Adjusted Gross Deferred Tax Assets (1a-1b)	\$21,364,980	\$ 26,459,010	\$ 47,823,990
(d)Deferred Tax Liabilities	\$ 844,544	\$ 0	\$ 844,544
(e)Subtotal (Net Deferred Tax Assets) (1c-1d)	\$20,520,436	\$ 26,459,010	\$ 46,979,446
(f)Deferred Tax Assets Nonadmitted	\$ 6,363,883	\$ 26,459,010	\$ 32,822,893
(g)Net Admitted Deferred Tax Assets (1e-1f)	\$14,156,553	\$ 0	\$ 14,156,553
		Change	
	Ordinary	Capital	Total
(a)Gross Deferred Tax Assets	\$ 1,123,698	\$ 3,569,507	\$ 4,693,205
(b)Statutory Valuation Allowance	\$ 0	\$ 0	\$ 0
(c)Adjusted Gross Deferred Tax Assets (1a-1b)	\$ 1,123,698	\$ 3,569,507	\$ 4,693,205
(d)Deferred Tax Liabilities	\$ 2,940,402	\$ 14,882,153	\$ 17,822,555
(e)Subtotal (Net Deferred Tax Assets) (1c-1d)	\$(1,816,704)	\$(11,312,646)	\$(13,129,350)
(f)Deferred Tax Assets Nonadmitted	\$ (738,696)	\$(11,312,646)	\$(12,051,342)
(g)Net Admitted Deferred Tax Assets (1e-1f)	\$(1,078,008)	\$ 0	\$(1,078,008)

2. The Company has elected to admit DTAs pursuant to paragraph 10.e.

3. The Company recorded an increase in admitted DTAs as the result of its election to employ the provisions of paragraph 10. e. Ordinary admitted adjusted gross deferred tax assets increased by \$1,011,745.

## NOTES TO FINANCIAL STATEMENTS

4. Admission Calculation Components SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c:	2010		
	Ordinary	Capital	Total
(a) SSAP No.10R, Par. 10.a.	\$ 9,385,069	\$ 0	\$ 9,385,069
(b) SSAP No.10R, Par. 10.b. (lesser of par. 10.b.i. and 10.b.ii. below)	\$ 2,681,731	\$ 0	\$ 2,681,731
(c) SSAP No.10R, Par. 10.b.i.	\$ 2,681,731	\$ 0	\$ 2,681,731
(d) SSAP No.10R, Par. 10.b.ii.			\$ 67,947,550
(e) SSAP No.10R, Par. 10.c.	\$ 3,784,946	\$14,882,153	\$ 18,667,099
(f) Total (4a +4b + 4e)	\$15,851,746	\$14,882,153	\$ 30,733,899

Admission Calculation Components  
SSAP No. 10R, Paragraph 10.e.:

(g) SSAP No.10R, Par. 10.e.i.	\$ 9,385,069	\$ 0	\$ 9,385,069
(h) SSAP No.10R, Par. 10.e.ii. (lesser of par. 10.e.ii.a and 10.e.ii.b. below)	\$ 3,693,476	\$ 0	\$ 3,693,476
(i) SSAP No.10R, Par. 10.e.ii.a	\$ 3,693,476	\$ 0	\$ 3,693,476
(j) SSAP No.10R, Par. 10.e.ii.b.	\$ XXX	\$ XXX	\$101,921,324
(k) SSAP No.10R, Par. 10.e.iii.	\$ 3,784,946	\$14,882,153	\$ 18,667,099
(l) Total (4g +4h + 4k)	\$16,863,491	\$14,882,153	\$ 31,745,644

## Used in SSAP No. 10R, Paragraph 10.d.

(m) Total Adjusted Capital	\$727,905,000
(n) Authorized Control Level	\$213,222,000

Admission Calculation Components  
SSAP No. 10R, Paragraphs 10.a.,  
10.b., and 10.c:

Admission Calculation Components SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c:	2009		
	Ordinary	Capital	Total
(a) SSAP No.10R, Par. 10.a.	\$ 4,891,745	\$ 0	\$ 4,891,745
(b) SSAP No.10R, Par. 10.b. (lesser of par. 10.b.i. and 10.b.ii. below)	\$ 8,112,673	\$ 0	\$ 8,112,673
(c) SSAP No.10R, Par. 10.b.i.	\$ 8,112,673	\$ 0	\$ 8,112,673
(d) SSAP No.10R, Par. 10.b.ii.	\$ XXX	\$ XXX	\$ 60,454,565
(e) SSAP No.10R, Par. 10.c.	\$ 844,544	\$ 0	\$ 844,544
(f) Total (4a +4b + 4e)	\$13,848,962	\$ 0	\$ 13,848,962

Admission Calculation Components  
SSAP No. 10R, Paragraph 10.e.:

(g) SSAP No.10R, Par. 10.e.i.	\$ 4,891,745	\$ 0	\$ 4,891,745
(h) SSAP No.10R, Par. 10.e.ii. (lesser of par. 10.e.ii.a and 10.e.ii.b. below)	\$ 9,264,808	\$ 0	\$ 9,264,808
(i) SSAP No.10R, Par. 10.e.ii.a	\$ 9,264,808	\$ 0	\$ 9,264,808
(j) SSAP No.10R, Par. 10.e.ii.b.	\$ XXX	\$ XXX	\$ 90,681,847
(k) SSAP No.10R, Par. 10.e.iii.	\$ 844,544	\$ 0	\$ 844,544
(l) Total (4g +4h + 4k)	\$15,001,097	\$ 0	\$ 15,001,097

## Used in SSAP No. 10R, Paragraph 10.d.

(m) Total Adjusted Capital	\$624,980,000
(n) Authorized Control Level	\$187,553,000

Admission Calculation Components  
SSAP No. 10R, Paragraphs 10.a.,  
10.b., and 10.c:

Admission Calculation Components SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c:	Change		
	Ordinary	Capital	Total
(a) SSAP No.10R, Par. 10.a.	\$ 4,493,324	\$ 0	\$ 4,493,324
(b) SSAP No.10R, Par. 10.b. (lesser of par. 10.b.i. and 10.b.ii. below)	\$(5,430,942)	\$ 0	\$(5,430,942)
(c) SSAP No.10R, Par. 10.b.i.	\$(5,430,942)	\$ 0	\$(5,430,942)
(d) SSAP No.10R, Par. 10.b.ii.	\$ XXX	\$ XXX	\$ 7,492,985
(e) SSAP No.10R, Par. 10.c.	\$ 2,940,402	\$14,882,153	\$ 17,822,555
(f) Total (4a +4b + 4e)	\$ 2,002,784	\$14,882,153	\$ 16,884,937

Admission Calculation Components  
SSAP No. 10R, Paragraph 10.e.:

(g) SSAP No.10R, Par. 10.e.i.	\$ 4,493,324	\$ 0	\$ 4,493,324
(h) SSAP No.10R, Par. 10.e.ii. (lesser of par. 10.e.ii.a and 10.e.ii.b. below)	\$(5,571,332)	\$ 0	\$(5,571,332)

## NOTES TO FINANCIAL STATEMENTS

(i) SSAP No.10R, Par. 10.e.ii.a	\$ (5,571,332)	\$ 0	\$ (5,571,332)
(j) SSAP No.10R, Par. 10.e.ii.b	\$ XXX	\$ XXX	\$ 11,239,477
(k) SSAP No.10R, Par. 10.e.iii.	\$ 2,940,401	\$ 14,882,153	\$ 17,822,555
(l) Total (4g +4h + 4k)	\$ 1,862,394	\$ 14,882,153	\$ 16,744,547

Used in SSAP No. 10R, Paragraph 10.d.

(m) Total Adjusted Capital	\$ 102,925,000
(n) Authorized Control Level	\$ 25,669,000

5. SSAP No. 10R, Paragraphs 10.a.,  
10.b., and 10.c.:

	2010	Total
	Ordinary	Capital
(a) Admitted Deferred Tax Assets	\$ 12,066,800	\$ 0
(b) Admitted Assets		\$ 2,470,409,586
(c) Adjusted Statutory Surplus*		\$ 679,475,496
(d) Total Adjusted Capital from DTAs		\$ 727,905,000

Increases due to SSAP No. 10R, Paragraph 10.e.

(e) Admitted Deferred Tax Assets	\$ 1,011,745	\$ 0	\$ 1,011,745
(f) Admitted Assets	\$ 1,011,745	\$ 0	\$ 1,011,745
(g) Statutory Surplus	\$ 1,011,745	\$ 0	\$ 1,011,745

SSAP No. 10R, Paragraphs 10.a.,  
10.b., and 10.c.:

	2009	Total
	Ordinary	Capital
(a) Admitted Deferred Tax Assets	\$ 13,004,418	\$ 0
(b) Admitted Assets		\$ 2,184,038,957
(c) Adjusted Statutory Surplus*		\$ 604,545,646
(d) Total Adjusted Capital from DTAs		\$ 624,980,000

Increases due to SSAP No. 10R, Paragraph 10.e.

(e) Admitted Deferred Tax Assets	\$ 1,152,135	\$ 0	\$ 1,152,135
(f) Admitted Assets	\$ 1,152,135	\$ 0	\$ 1,152,135
(g) Statutory Surplus	\$ 1,152,135	\$ 0	\$ 1,152,135

SSAP No. 10R, Paragraphs 10.a.,  
10.b., and 10.c.:

	Change	Total
	Ordinary	Capital
(a) Admitted Deferred Tax Assets	\$ (937,618)	\$ 0
(b) Admitted Assets		\$ 286,370,629
(c) Adjusted Statutory Surplus*		\$ 74,929,850
(d) Total Adjusted Capital from DTAs		\$ 102,925,000

Increases due to SSAP No. 10R, Paragraph 10.e.

(e) Admitted Deferred Tax Assets	\$ (140,390)	\$ 0	\$ (140,390)
(f) Admitted Assets	\$ (140,390)	\$ 0	\$ (140,390)
(g) Statutory Surplus	\$ (140,390)	\$ 0	\$ (140,390)

B. N/A

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

	2010	2009
Current year expense	\$ 15,732,801	\$ 11,456,793
Realized capital gains tax	(5,786,366)	(7,361,067)
Prior year tax reserve over accrual	(4,806,522)	(1,791,882)
Current income tax expense	\$ 5,139,913	\$ 2,303,844

2. Deferred Tax assets:

a. Ordinary

	2010	2009	Change
DTA's			
Discounting of unpaid losses	\$ 6,828,617	\$ 5,236,824	\$ 1,591,793
Unearned premiums	9,747,674	8,363,408	1,384,266
Investments	2,466,786	3,904,646	(1,437,860)
Fixed Assets	145,564	428,459	(282,895)
Agents' balances	1,015,597	1,020,412	(4,815)
Renewal Rights	842,334	931,000	(88,666)
Other	1,442,106	1,480,231	(38,125)
Subtotal	22,488,678	21,364,980	1,123,698

b. Statutory valuation  
allowance adjustment

0 0 0

c. Nonadmitted

5,625,187 6,363,883 (738,696)

## NOTES TO FINANCIAL STATEMENTS

d. Admitted ordinary deferred tax assets	16,863,491	15,001,097	1,862,394
e. Capital			
Investments	27,240,064	21,021,333	6,218,731
Capital Loss Carryforward	2,788,453	5,437,677	(2,649,224)
Subtotal	30,028,517	26,459,010	3,569,507
f. Statutory valuation allowance adjustment	0	0	0
g. Nonadmitted	15,146,364	26,459,010	(11,312,646)
h. Admitted capital deferred tax assets	14,882,153	0	14,882,153
i. Admitted deferred tax assets	31,745,644	15,001,097	16,744,547
3. Deferred Tax Liabilities			
a. Ordinary			
Investments	3,784,946	844,544	2,940,402
Subtotal	3,784,946	844,544	2,940,402
b. Capital			
Investments	14,882,153	0	14,882,153
Subtotal	14,882,153	0	14,882,153
c. Deferred tax liabilities	18,667,099	844,544	17,822,555
4. Net deferred tax assets/liabilities	13,078,545	14,156,553	(1,078,008)

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

	Dec 31, 2010	Dec 31, 2009	Change
Total DTAs	\$52,517,195	\$47,823,990	\$ 4,693,205
Total DTLs	18,667,099	844,544	17,822,555
Net DTA	33,850,096	46,979,446	(13,129,350)
Tax effect of unrealized gains			7,748,451
Change in net deferred income tax			(5,380,899)

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	Income Tax Expense	Effective Rate
Expense computed at statutory rate	\$34,689,736	35.0%
Tax-exempt interest	(22,893,203)	(23.1)
Non-admitted assets	1,491,503	1.5
Other	(2,767,224)	(2.8)
Total	\$10,520,812	10.6%
Federal income taxes incurred	\$ 10,926,279	11.0%
Realized capital gains tax	(5,786,366)	(5.8%)
Change in net deferred income taxes	5,380,899	5.4%
Total statutory income taxes	\$ 10,520,812	10.6%

E. (1) N/A.

(2) Income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses are as follows:

a. 2010	\$ 9,385,069
b. 2009	\$ 0

(3) N/A.

## NOTES TO FINANCIAL STATEMENTS

F. The Company consolidates its federal income tax return with the return of its parent, Delphi Financial Group, Inc. ("DFG"). DFG and all of its direct and indirect subsidiaries are members of the consolidated tax group. See Schedule Y, Part 1 for a list of the principal members of the consolidated tax group.

The method of allocation between the companies is subject to a written tax allocation agreement approved by the Board of Directors. The agreement requires the Company to accrue federal income taxes on a separate return basis, with the current credit for losses used in the consolidated return. Any loss not used in the consolidated return is retained by the respective company for possible future use. Intercompany tax balances are settled within 15 days after filing a tax return or receipt of a refund.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

A., B., C. All outstanding common shares of the Company are owned by SIG Holdings, Inc. (SIG), an insurance holding company domiciled in the State of Delaware. SIG is a wholly-owned subsidiary of DFG.

All outstanding preferred shares of the Company are owned by DFG.

The Company owns all outstanding shares of Safety First Insurance Company (SFIC) domiciled in the State of Illinois.

The Company owns all outstanding shares of Safety National Re, SNRe, an alien insurance company.

The Company paid preferred stock dividends as follows:

July 2010	\$1,000,000
January 2010	\$1,000,000
July 2009	\$1,000,000
January 2009	\$1,000,000

The Company paid common stock dividends as follows:

December 2010	\$10,000,000
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The Company was issued a surplus note in the amount of \$10,000,000 from Reliance Standard Life Insurance Company (RSL) on June 29, 2009. The note was redeemed December 2010. Interest in the amount of \$631,944 was received during 2010.

On December 9, 2009, the Company purchased securities with a book value of \$45,776,214 from its affiliate, RSL, for a purchase price of \$49,998,905, which includes \$90,127 of accrued interest.

The Company issued a surplus note in the amount of \$40,000,000 to DFG in 2008. See footnote 13 item (11).

The Company acquired an interest in three affiliated entities during 2003. At December 31, 2010 and 2009 the total investment amounts to \$28,925,192 and \$32,960,957, respectively.

The Company acquired preferred stock of an affiliate during 2004 and 2008. At December 31, 2010 and 2009 the total investment amounts to \$25,000,000.

D. At December 31, 2010 and 2009, the Company reported \$379,006 and \$540,339, respectively, as amounts due from SFIC. The terms of the agreements require that these amounts be settled within 30 days.

E. The Company has provided guarantees to various states that the minimum surplus of SFIC will not fall below minimum statutory thresholds.

F. N/A.

G. N/A.

H. As of December 31, 2010, the Company owned 4,000,000 shares of the common stock of DFG. The amount deducted from the market value of this common stock in accordance with the SVO manual was \$48,082,048. At December 31, 2010 and 2009, the carrying value of this investment was \$67,277,952 and \$53,204,808, respectively.

## NOTES TO FINANCIAL STATEMENTS

I. N/A.

J. N/A.

K. N/A.

L. N/A.

11. Debt

A. N/A.

## B. FHLB Agreements

The Company is a member of the Federal Home Loan Bank (FHLB) of Des Moines. The Company owns \$2,673,300 and \$2,349,900 in stock as required by its agreement with FHLB at December 31, 2010 and 2009, respectively. The Company has \$0 collateral pledged, assets, or liabilities related to its agreement with FHLB. In prior years, in order to support advances from FHLB, the Company was required to become a member of the bank and own FHLB stock. Although there are no outstanding advances with the bank at December 31, 2010 or 2009, the Company wishes to continue to be a member of the bank and will continue to hold FHLB stock.

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

A. N/A.

B. In 2010, the Company's employees who have three months of service are covered by a 401(K) savings and profit sharing plan sponsored by the Company. This plan is referred to as a safe harbor 401K plan. Employees can contribute up to the lesser of \$49,000 or 100% of compensation and the Company will match the employee's contribution dollar for dollar up to four percent of the salary. In addition, employees who have completed at least 500 hours of service and are actively employed on the last day of the plan year are eligible for a discretionary profit sharing contribution by the Company. The employer's contribution for 2010 and 2009 was \$1,693,391 and \$947,441, respectively. At December 31, 2010 and December 31, 2009 the fair value of plan assets was \$37,738,168 and \$32,300,257, respectively. Included in the fair value of plan assets are assets of \$555,431 at December 31, 2010 and \$956,507 at December 31, 2009 that are related to the run-off of the Company's previous 401(k) plan, which was replaced with the current plan on January 1, 2008.

C. N/A.

D. N/A.

E. N/A.

F. N/A.

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

(1) The Company has 5,000 shares of \$1,000 par value common stock authorized, issued and outstanding and 1,000,000 shares of \$100 par value preferred stock authorized, 250,000 shares issued and outstanding.

(2) N/A.

(3) The maximum amount of dividends that can be paid by Missouri insurance companies to shareholders without prior approval of the Director of Insurance is subject to statutory provisions. The 2011 dividends are limited to \$93,973,617.

(4) The Company paid ordinary preferred stock dividends as follows:

July 2010	\$1,000,000
January 2010	\$1,000,000
July 2009	\$1,000,000
January 2009	\$1,000,000

The Company paid common stock dividends as follows:

December 2010	\$10,000,000
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## NOTES TO FINANCIAL STATEMENTS

(5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(6) N/A.

(7) N/A.

(8) N/A.

(9) N/A.

(10) Unrealized gains of \$36,836,197.

(11) In 2008 a surplus note in the amount of \$40,000,000 was issued to DFG in exchange for cash.

The surplus note has the following repayment conditions and restrictions: (1) each payment of interest on and principal of the surplus notes may be made only with the prior written approval of the Commissioner of Insurance of the State of Missouri, and (2) only to the extent the Company has sufficient surplus earnings to make such payment.

The surplus note is subordinate to the claims of policyholders, insurance policy claimants and beneficiaries and all other creditors, except for the claims of other surplus note holders and of creditors whose claims are expressly subordinated to the surplus note.

The carrying amount and face value of the note is \$40,000,000 with an effective rate of 7.0% per annum, maturity date is January 15, 2035. The Company is required to make semi-annual interest payments. The Company paid \$2,800,000 and \$1,571,111 in interest on the note in 2010 and 2009, respectively. The Company has accrued an additional \$1,283,333 in interest at December 31, 2010, no impact to surplus.

(12) N/A.

(13) N/A.

14. Contingencies

N/A.

15. Leases

N/A.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company requires many bondholders on its surety bond line of business and many policyholders on its large deductible workers' compensation line of business to post collateral to cover their share of a future loss. In the event that there is a claim on the policy, the Company draws down on the letter of credit or other type of collateral. The Company bears the risk that the issuing bank does not honor the letter of credit. The Company has never been unsuccessful in drawing down on the collateral posted.

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

N/A.

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

N/A.

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

N/A.

20. Fair Value Measurements

The methodologies and valuation techniques used by the Company to value its assets measured at fair value are described below.

Instruments included in bonds include mortgage-backed and corporate securities, U.S. Treasury and other U.S. government guaranteed securities,

## NOTES TO FINANCIAL STATEMENTS

securities issued by U.S. government-sponsored enterprises, and obligations of U.S. states, municipalities and political subdivisions. The market liquidity of each security is taken into consideration in the valuation technique used to value such security. For securities where market transactions involving identical or comparable assets generate sufficient relevant information, the Company employs a market approach to valuation. If sufficient information is not generated from market transactions involving identical or comparable assets, the Company uses an income approach to valuation. The majority of the instruments included as bonds are valued utilizing observable inputs; accordingly, they are categorized in either Level 1 or Level 2 of the fair value hierarchy described below. However, in instances where significant inputs utilized are unobservable, the securities are categorized in Level 3 of the fair value hierarchy.

The inputs used in the valuation techniques employed by the Company are provided by nationally recognized pricing services, external investment managers and internal resources. To assess these inputs, the Company's review process includes, but is not limited to, quantitative analysis including benchmarking, initial and ongoing evaluations of methodologies used by external parties to calculate fair value, and ongoing evaluations of fair value estimates based on the Company's knowledge and monitoring of market conditions.

The levels are categorized as follows:

Level 1- Valuation is based upon quoted prices for identical assets or liabilities in active markets. Level 1 fair value is not subject to valuation adjustments or block discounts.

Level 2 - Valuation is based upon quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar instruments in markets that are not active. In addition, a company may use various valuation techniques or pricing models that use observable inputs to measure fair value.

Level 3 - Valuation is generated from techniques in which one or more of the significant inputs for valuing such assets or liabilities are not observable. These inputs may reflect the Company's best estimates of the various assumptions that market participants would use in valuing the financial assets and financial liabilities.

Other investments held at fair value primarily consist of common and preferred stock. Unaffiliated common stock and preferred stock are primarily valued at quoted active market prices and is therefore categorized in Level 1 of the fair value hierarchy. When evidence is believed to support a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values. Ongoing reviews by Company management are based on assessments of each underlying investment, and the inputs utilized in these reviews include, among other things, the evaluation of financing and sale transactions with third parties, expected cash flows, material events and market-based information. These investments are included in Level 3 of the fair value hierarchy.

Assets measured at fair value on a recurring basis are summarized below:

	December 31, 2010			
Balance Sheet Balances at Fair Value by Level	Total	1	2	3
Bonds	-	-	-	-
U.S. Governments	-	-	-	-
Industrial & Miscellaneous	17,200	-	13,347	3,853
US Political Subdivisions of States, Territories, and Possessions	16,575	-	16,575	-
Hybrid Securities	-	-	-	-
Parents, Subsidiaries and Affiliates	-	-	-	-
Total Bonds	33,775	-	29,922	3,853
	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS

## Common Stock

Common Stock - Industrial & Miscellaneous	2,935	261	-	2,674
Common Stock - Parents, Subsidiaries and Affiliates	67,278	67,278	-	-
Total Common Stock	70,213	67,539	-	2,674
Perpetual Preferreds	-	-	-	-
Perpetual Preferreds - Industrial & Miscellaneous	46,214	45,327	-	887
Total Perpetual Preferreds	46,214	45,327	-	887

The following table provides reconciliations for Level 3 assets measured at fair value on a recurring basis. Transfers into Level 3 are recognized as of the end of the period. There were no significant transfers between Level 1 and Level 2.

Level 3 Rollforward	Beg Balance	Income	OCI	Purchase / Sales	Transfer into Level 3	Transfer out of Level 3	Ending Balance
U.S. Governments	-	-	-	-	-	-	-
Industrial & Miscellaneous	16,365	(5,738)	1,735	(3,600)	-	(4,908)	3,853
US Political Subdivisions of States, Territories, and Possessions	-	6	(267)	2,527	1,504	(3,770)	-
Hybrid Securities	-	-	-	-	-	-	-
Parents, Subsidiaries and Affiliates	-	-	-	-	-	-	-
Total Bonds	16,365	(5,732)	1,468	(1,073)	1,504	(8,678)	3,853
Common Stock - Industrial & Miscellaneous	2,350	-	-	323	-	-	2,673
Perpetual Preferreds - Industrial & Miscellaneous	-	17	18	852	-	-	887
Total Common Stock & Other	2,350	17	18	1,175	-	-	3,560

Transfers (L1 to L2) None

Transfers (L2 to L1) None

21. Other Items

A. N/A.

B. N/A.

C. N/A.

D. At December 31, 2010 and 2009 the Company had admitted assets of \$66,760,701 and \$55,614,443, respectively, in accounts receivable for amounts due from agents. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential for loss is not material to the Company's financial condition.

E. N/A.

## NOTES TO FINANCIAL STATEMENTS

F. N/A.

G. The Company generally characterizes its subprime mortgage investments as those having underlying mortgage loans consisting of borrowers with weighted-average Fair Issac & Co., Inc. (FICO) credit scores below 650. Additionally, the weighted-average loan-to-value ratios (LTVs) of these loans are generally above 80.0%.

Direct exposure through other investments at December 31, 2010:

	Actual Cost	Book/Adj. Carrying Value (excl. interest)	Fair Value	OTTI Losses Recognized
Residential Mortgage-Backed Securities	\$4,274,538	\$4,137,829	\$4,127,857	\$(2,791,629)
Other Assets	694,291	694,291	970,450	
<b>Total</b>	<b>\$4,968,829</b>	<b>\$4,832,120</b>	<b>\$5,098,307</b>	<b>\$(2,791,629)</b>

22. Events Subsequent

N/A. Subsequent events have been considered through 02/25/11 for the statutory statement issued on 02/25/11.

23. Reinsurance

## A. Unsecured Reinsurance Recoverables

Federal Employers ID No.		Aggregate Unsecured Recoverable
41-0451140	Reliastar Life Insurance Co.	\$28,529,000

## B. None.

## C. Reinsurance Assumed and Ceded

(1)	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Related	\$1,098,710	\$ 0	\$ 0	\$ 0	\$ 1,098,710	\$ 0
Other	24,338,770	2,022,521	9,548,287	684,550	14,790,483	1,337,971
<b>Total</b>	<b>\$25,437,480</b>	<b>\$2,022,521</b>	<b>\$9,548,287</b>	<b>\$ 684,550</b>	<b>\$15,889,193</b>	<b>\$1,337,971</b>

Direct unearned premium reserve \$123,363,293.

(2) None.

(3) N/A.

## D. N/A.

E. The Company commuted one reinsurance treaty with John Hancock Life Insurance Company. The Company recorded no material income statement impact from this transaction as the consideration received approximated the reserves assumed.

## F. Retroactive Reinsurance

	Reported Company	
	(1)	(2)
As:	Assumed	Ceded
A. Reserves Transferred		
1. Initial Reserves	\$48,264,523	\$ 0
2. Adjustments - Prior Year(s)	(1,245,342)	0
3. Adjustments - Current Year	(2,101,249)	0
4. Current Total	\$44,917,932	\$ 0
B. Consideration Paid or Received		
1. Initial Consideration	\$55,977,103	\$ 0
2. Adjustments - Prior Year(s)	0	0
3. Adjustments - Current Year	0	0
4. Current Total	\$55,977,103	\$ 0
C. Paid Losses Reimbursed or Recovered:		

## NOTES TO FINANCIAL STATEMENTS

1. Prior Year(s)	\$	0	\$	0
2. Current Year		4,093,480		0
3. Current Total	\$	4,093,480	\$	0

D. Special Surplus from Retroactive Reinsurance:

1. Initial Surplus Gain or Loss	\$	0	\$	0
2. Adjustments - Prior Year(s)		0		0
3. Adjustments - Current Year		0		0
4. Current Year Restricted Surplus		0		0
5. Cumulative Total Transferred to Unassigned Funds	\$	0	\$	0

E. Amount Assumed	Company	Amount Ceded
\$32,020,378	2009, 10 companies	\$0
\$ 4,076,770	LPT #1	\$0
\$ 2,534,770	LPT #2	\$0
\$ 1,901,538	LPT #3	\$0
\$ 1,852,930	LPT #4	\$0
\$ 1,386,467	LPT #5	\$0
\$ 1,145,079	LPT #6	\$0

G. N/A.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

N/A.

25. Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2009 were \$1,347 million. As of December 31, 2010 \$93 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1,298 million. Therefore, there has been a \$44 million unfavorable prior-year development since December 31, 2009. During 2010, \$28 million of discount was accreted for prior accident years. Accordingly, of the Company's prior year development in 2010, \$16 million of negative development was made based on new loss experience data that emerged during the year, primarily due to adverse development on the excess workers' compensation line of business which was partially offset by additional discount accrued on such reserves and positive development on the assumed liability reinsurance line of business. No additional premiums have been accrued as a result of the increases to prior year loss and loss adjustment expense reserves.

26. Intercompany Pooling Arrangements

N/A.

27. Structured Settlements

A. At December 31, 2010 and 2009 loss reserves eliminated by annuities were \$3,064,691 and \$3,372,493, respectively.

B. N/A.

28. Health Care Receivables

N/A.

29. Participating Policies

N/A.

30. Premium Deficiency Reserves

As of December 31, 2010 and 2009 the amount of liabilities recorded related to premium deficiency reserves was \$0. Anticipated investment income was considered as a factor in the premium deficiency calculation.

31. High Deductibles

As of December 31, 2010 and 2009 the amount of reserve credit recorded for high deductibles on unpaid claims was \$0 and the amount billed and

## NOTES TO FINANCIAL STATEMENTS

recoverable on paid claims was \$0.

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

A. The Company discounts the liabilities for unpaid losses for excess workers' compensation and workers' compensation indemnity pension claims. In accordance with the NAIC's Risk-Based Capital Formula, non-tabular loss reserves are not discounted. The Company does not discount loss reserves established for other lines of business or for unpaid loss adjustment expenses.

Excess workers' compensation and workers' compensation indemnity reserves have been discounted on a tabular basis using the Vital Statistics of the United States Life Tables and the Company's historical payment pattern at 3.5%. The December 31, 2010 and December 31, 2009 liabilities include \$880,397,473 and \$821,244,803 of such discounted reserves, respectively. The amount of tabular discount for case and IBNR reserves at December 31, 2010 is as follows:

	Case	IBNR
Excess Workers' Compensation	\$127,499,084	\$299,047,721
Workers' Compensation	\$ 3,160,667	\$ 11,943,137
Retroactive Insurance Assumed	\$ 3,390,390	\$ 0

B. N/A.

C. N/A.

33. Asbestos/Environmental Reserves

A. 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( )

The Company has exposure to asbestos (mass tort) claims. The Company's exposure arises from the sale of excess umbrella liability insurance from 1981-1985. This line of business was discontinued in 1985.

The Company estimates the full impact of exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience. The Company's carried reserves for this exposure are included in the total reserves for the discontinued excess umbrella liability line of business.

The Company's experience for each of the five most recent calendar years is as follows:

ASBESTOS

Gross of Reinsurance

	2006	2007	2008	2009	2010
Beginning Reserves	\$3,721,532	\$7,966,941	\$2,422,507	\$2,246,085	\$2,280,151
Incurred Losses and LAE	6,186,868	12,713,758	1,519,548	1,548,873	392,945
Calendar Year Payments for Losses and LAE	1,941,459	18,258,192	1,695,970	1,514,807	1,640,879
Ending Reserves	\$7,966,941	\$2,422,507	\$2,246,085	\$2,280,151	\$1,032,217

Net of Reinsurance

	2006	2007	2008	2009	2010
Beginning Reserves	\$591,287	\$1,638,251	\$522,812	\$473,067	\$645,580
Incurred Losses and LAE	793,618	2,183,668	467,336	457,949	462,706
Calendar Year Payments for Losses and LAE	(253,346)	3,299,107	517,081	285,436	441,997
Ending Reserves	\$1,638,251	\$522,812	\$473,067	\$645,580	\$666,289

## NOTES TO FINANCIAL STATEMENTS

- B. Does the Company hold reserves for unreported claims? Yes(X) No( )  
Due to the immaterial impact of asbestos claims, the Company does not break out the amount of such reserves.
- C. Does the Company hold reserves for future allocated loss adjustment expenses (including coverage dispute cost)? Yes(X) No( )  
Due to the immaterial impact of asbestos claims, the Company does not break out the amount of such reserves.
- D. 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( )

The Company has exposure to environmental (mass tort) claims. The Company's exposure arises from the sale of excess umbrella liability insurance from 1981-1985. This line of business was discontinued in 1985.

The Company estimates the full impact of exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience. The Company's carried reserves for this exposure are included in the total reserves for the discontinued excess umbrella liability line of business.

The Company's experience for each of the five most recent calendar years is as follows:

### ENVIRONMENTAL

#### Gross of Reinsurance

	2006	2007	2008	2009	2010
Beginning Reserves	\$3,368,758	\$2,532,176	\$2,115,949	\$2,388,583	\$3,270,341
Incurred Losses and LAE	2,906,313	225,024	593,655	4,431,334	564,522
Calendar Year Payments for Losses and LAE	3,742,895	641,251	321,021	3,549,576	1,095,920
Ending Reserves	\$2,532,176	\$2,115,949	\$2,388,583	\$3,270,341	\$2,738,943

#### Net of Reinsurance

	2006	2007	2008	2009	2010
Beginning Reserves	\$255,547	\$581,125	\$1,025,264	\$1,108,457	\$1,811,924
Incurred Losses and LAE	(234,033)	276,537	324,786	1,834,241	271,144
Calendar Year Payments for Losses and LAE	(559,611)	(167,602)	241,593	1,130,774	533,086
Ending Reserves	\$581,125	\$1,025,264	\$1,108,457	\$1,811,924	\$1,549,982

- E. Does the Company hold reserves for unreported claims? Yes(X) No( )  
Due to the immaterial impact of environmental claims, the Company does not break out the amount of such reserves.
- F. Does the Company hold reserves for future allocated loss adjustment expenses (including coverage dispute cost)? Yes(X) No( )  
Due to the immaterial impact of environmental claims, the Company does not break out the amount of such reserves.

34. Subscriber Savings Accounts

N/A.

35. Multiple Peril Crop Insurance

N/A.

36. Financial Guaranty Insurance

N/A.

## FIVE-YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	329,385,742	307,434,763	288,934,093	21,449,392	28,413,182
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	27,788	25,540	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	891,878	127,523	147,270	140,710	134,574
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	8,471,496	9,337,906	9,709,944	284,191,658	279,082,083
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)	60,758,000	39,534,520	28,061,883	25,852,608	33,764,794
6. Total (Line 35)	399,534,904	356,460,252	326,853,190	331,634,368	341,394,633
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	300,507,651	282,416,913	264,665,094	18,127,744	24,772,421
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	24,702	25,540	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	891,878	127,523	147,270	140,710	134,574
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	8,471,496	9,337,906	9,709,944	259,757,147	252,455,888
11. Nonproportional reinsurance lines (Line 31, 32 and 33)	59,533,000	38,872,020	27,511,883	25,852,608	33,664,794
12. Total (Line 35)	369,428,727	330,779,902	302,034,191	303,878,209	311,027,677
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	4,417,108	(2,181,891)	(7,976,347)	(1,750,435)	(3,200,687)
14. Net investment gain (loss) (Line 11)	100,490,668	31,458,376	62,369,286	78,850,784	60,334,578
15. Total other income (Line 15)	(7,880)	(169,841)	(108,308)	(186,390)	(9,331)
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	10,926,279	9,664,912	8,185,761	22,985,845	14,786,231
18. Net income (Line 20)	93,973,617	19,441,732	46,098,870	53,928,114	42,338,329
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	2,471,421,333	2,185,191,092	1,903,801,250	1,778,544,979	1,522,910,476
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	18,073,300	19,482,497	20,456,239	18,950,381	18,153,839
20.2 Deferred and not yet due (Line 15.2)	48,687,401	36,131,946	30,700,766	27,746,038	24,521,223
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,742,504,174	1,559,059,081	1,372,894,664	1,315,593,485	1,106,884,224
22. Losses (Page 3, Line 1)	1,453,437,606	1,314,344,333	1,183,845,004	1,041,452,991	911,622,858
23. Loss adjustment expenses (Page 3, Line 3)	34,549,389	33,111,284	31,142,609	29,894,118	26,049,302
24. Unearned premiums (Page 3, Line 9)	139,252,486	119,477,250	108,026,014	102,369,575	102,653,059
25. Capital paid up (Page 3, Line 30 and Line 31)	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	728,917,159	626,132,011	530,906,586	462,951,494	416,026,252
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	271,272,100	264,328,209	200,597,694	189,910,876	197,452,494
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	728,917,159	626,132,011	530,906,586	462,951,494	416,026,252
29. Authorized control level risk-based capital	213,221,799	187,554,068	162,842,478	138,099,310	132,855,140
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0</b>					
30. Bonds (Line 1)	84.1	84.5	80.4	74.8	77.8
31. Stocks (Line 2.1 and Line 2.2)	8.1	6.1	8.7	5.2	5.1
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)	0.2	0.2	0.6	1.9	1.5
33. Real estate (Lines 4.1, 4.2 and 4.3)	1.1	1.3	1.8	0.9	0.6
34. Cash, cash equivalents and short-term investments (Line 5)	3.0	2.4	5.1	5.8	9.0
35. Contact loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	X X X	X X X	X X X	X X X
37. Other invested assets (Line 8)	3.6	5.1	2.4	10.6	5.7
38. Receivables for securities (Line 9)	0.0	0.3	1.0	0.9	0.3
39. Securities lending reinvested collateral assets (Line 10)	0.0	X X X	X X X	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Schedule D, Summary, Line 12, Column 1)	0	0	0	18,466,708	28,466,708
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)	25,000,000	25,000,000	25,000,000	5,000,000	5,000,000
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)	81,031,217	66,559,260	56,270,427	13,258,953	12,636,308
45. Affiliated short-term investments (Schedule DA Verification, Column 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	28,925,192	42,960,957	23,539,990	57,615,911	44,389,386
48. Total of above Line 42 through Line 47	134,956,409	134,520,217	104,810,417	94,341,572	90,492,402
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)	18.5	21.5	15.3	20.4	21.8

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains (losses) (Line 24)	16,058,393	50,448,175	(49,177,934)	(4,341,132)	11,664,596
51. Dividends to stockholders (Line 35)	(12,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(1,000,000)
52. Change in surplus as regards policyholders for the year (Line 38)	102,785,148	95,225,425	67,955,092	46,925,242	56,908,031
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	89,451,760	87,049,799	80,169,545	6,845,804	10,112,115
54. Property lines (Lines 1, 2, 9, 12, 21 and 26)	816	0	0	0	0
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	694,471	3,440,924	1,332,026	14,461,350	4,455,987
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	137,191	266,829	66,151	64,130,661	61,178,615
57. Nonproportional reinsurance lines (Lines 31, 32, and 33)	6,586,027	6,920,785	7,376,022	16,960,161	29,288,659
58. Total (Line 35)	96,870,265	97,678,337	88,943,744	102,397,976	105,035,376
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	83,608,692	78,952,344	64,182,157	3,708,279	4,036,536
60. Property lines (Lines 1, 2, 9, 12, 21 and 26)	816	0	0	0	0
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	(218,444)	2,704,111	1,120,519	9,242,005	2,111,485
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	137,191	266,829	66,151	58,136,287	56,185,571
63. Nonproportional reinsurance lines (Lines 31, 32, and 33)	6,586,027	6,920,785	7,376,022	16,960,161	29,093,936
64. Total (Line 35)	90,114,282	88,844,069	72,744,849	88,046,732	91,427,528
<b>Operating Percentages (Page 4)</b> (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	65.4	68.3	73.0	71.5	73.9
67. Loss expenses incurred (Line 3)	2.0	2.1	1.9	3.2	2.5
68. Other underwriting expenses incurred (Line 4)	30.8	30.7	27.7	25.9	24.6
69. Net underwriting gain (loss) (Line 8)	1.3	(0.7)	(2.7)	(0.6)	(1.1)
<b>Other Percentages</b>					
70. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0)	29.7	29.3	27.2	26.0	23.8
71. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	67.4	70.4	75.0	74.7	76.5
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0)	50.7	52.8	56.9	65.6	74.8
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)	57,964	19,442	24,950	25,262	62,691
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Column 1 x 100.0)	9.3	3.7	5.4	6.1	17.5
<b>Two Year Loss Development (000 omitted)</b>					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)	144,071	103,320	90,611	112,423	154,055
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Column 2 x 100.0)	27.1	22.3	21.8	31.3	53.8

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

Yes ( ) No ( )

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	36,944	3,364	2,312	294	422	0	0	36,020	X X X
2. 2001	161,045	60,272	100,773	113,685	51,269	11,822	8,523	4,509	246	0	69,978	X X X
3. 2002	188,348	35,989	152,359	86,884	21,349	3,777	2,945	4,103	0	0	70,470	X X X
4. 2003	188,454	17,204	171,250	39,843	5,483	989	728	2,837	0	0	37,458	X X X
5. 2004	233,779	21,344	212,435	41,913	2,274	330	196	3,450	0	0	43,223	X X X
6. 2005	284,610	24,562	260,048	64,704	2,788	511	204	2,871	0	0	65,094	X X X
7. 2006	331,065	29,986	301,079	28,456	880	146	29	2,569	0	0	30,262	X X X
8. 2007	332,859	28,690	304,169	15,432	3,168	195	7	1,720	0	0	14,172	X X X
9. 2008	321,370	25,012	296,358	8,438	74	75	0	1,331	0	0	9,770	X X X
10. 2009	345,048	25,693	319,355	5,539	405	273	14	1,334	0	0	6,727	X X X
11. 2010	377,951	28,291	349,660	447	12	8	0	1,498	0	0	1,941	X X X
12. Totals	X X X	X X X	X X X	442,285	91,066	20,438	12,940	26,644	246	0	385,115	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & 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. ...	210,616	31,065	172,016	8,654	1,688	314	9,007	1,107	5,016	0	0	357,203	X X X
2. ...	38,760	7,692	57,032	2,477	692	256	921	86	44	0	0	86,938	X X X
3. ...	36,128	8,444	53,839	1,885	207	58	1,047	24	39	0	0	80,849	X X X
4. ...	28,126	757	58,934	2,122	109	20	699	4	49	0	0	85,014	X X X
5. ...	43,029	6,230	65,908	3,742	77	13	647	0	56	0	0	99,732	X X X
6. ...	19,630	980	75,761	3,424	119	21	794	0	69	0	0	91,948	X X X
7. ...	29,563	2,771	77,239	3,472	91	34	790	0	901	0	0	102,307	X X X
8. ...	26,949	4,048	105,003	6,288	117	31	825	0	1,017	0	0	123,544	X X X
9. ...	27,096	1,304	101,898	5,398	38	4	912	0	1,095	0	0	124,333	X X X
10. ...	22,897	2,748	130,259	6,709	233	19	1,137	0	1,267	0	0	146,317	X X X
11. ...	4,161	2,091	188,707	7,813	36	0	4,131	0	2,671	0	0	189,802	X X X
12. ...	486,955	68,130	1,086,596	51,984	3,407	770	20,910	1,221	12,224	0	0	1,487,987	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. ...	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	342,913	14,290
2. ...	227,465	70,549	156,916	141.2	117.1	155.7	0	0	0.0	85,623	1,315
3. ...	186,024	34,705	151,319	98.8	96.4	99.3	0	0	0.0	79,638	1,211
4. ...	131,586	9,114	122,472	69.8	53.0	71.5	0	0	0.0	84,181	833
5. ...	155,410	12,455	142,955	66.5	58.4	67.3	0	0	0.0	98,965	767
6. ...	164,459	7,417	157,042	57.8	30.2	60.4	0	0	0.0	90,987	961
7. ...	139,755	7,186	132,569	42.2	24.0	44.0	0	0	0.0	100,559	1,748
8. ...	151,258	13,542	137,716	45.4	47.2	45.3	0	0	0.0	121,616	1,928
9. ...	140,883	6,780	134,103	43.8	27.1	45.3	0	0	0.0	122,292	2,041
10. ...	162,939	9,895	153,044	47.2	38.5	47.9	0	0	0.0	143,699	2,618
11. ...	201,659	9,916	191,743	53.4	35.1	54.8	0	0	0.0	182,964	6,838
12. ...	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	1,453,437	34,550

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	11 One Year	12 Two Year
1. Prior	527,585	527,650	531,527	586,466	652,407	719,147	754,147	780,004	829,181	876,019	46,838	96,015
2. 2001	106,778	105,595	99,905	88,127	97,927	109,117	120,294	129,566	142,561	180,605	38,044	51,039
3. 2002	X X X	111,983	112,617	104,926	104,759	116,653	122,818	129,628	155,861	172,698	16,837	43,070
4. 2003	X X X	X X X	123,945	112,109	107,087	117,745	117,380	120,652	132,113	146,926	14,813	26,274
5. 2004	X X X	X X X	X X X	152,626	137,391	135,646	134,495	151,840	156,442	171,336	14,894	19,496
6. 2005	X X X	X X X	X X X	X X X	195,049	159,002	157,908	164,702	166,544	182,300	15,756	17,598
7. 2006	X X X	X X X	X X X	X X X	X X X	194,275	169,805	165,808	156,063	159,650	3,587	(6,158)
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	231,858	191,459	173,262	172,386	(876)	(19,073)
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	252,006	193,077	167,816	(25,261)	(84,190)
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	257,009	190,341	(66,668)	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	234,898	X X X	X X X
12. Totals											57,964	144,071

**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 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0	56,066	101,141	152,526	208,313	250,892	299,708	333,494	378,840	414,440	X X X	X X X
2. 2001	2,156	7,707	12,845	18,686	25,116	34,011	42,237	49,704	56,397	65,716	X X X	X X X
3. 2002	X X X	6,774	13,317	17,503	24,115	32,344	38,917	46,857	56,354	66,367	X X X	X X X
4. 2003	X X X	X X X	2,740	5,436	7,576	10,488	15,268	22,050	27,436	34,620	X X X	X X X
5. 2004	X X X	X X X	X X X	4,316	15,181	20,047	23,728	28,398	34,465	39,773	X X X	X X X
6. 2005	X X X	X X X	X X X	X X X	11,908	36,442	47,012	50,958	55,338	62,223	X X X	X X X
7. 2006	X X X	X X X	X X X	X X X	X X X	1,892	10,110	16,832	22,282	27,692	X X X	X X X
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	970	4,556	7,680	12,452	X X X	X X X
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	295	4,496	8,438	X X X	X X X
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,113	5,393	X X X	X X X
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	443	X X X	X X X

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2001	2 2002	3 2003	4 2004	5 2005	6 2006	7 2007	8 2008	9 2009	10 2010
1. Prior	252,836	206,643	166,237	165,240	179,121	211,732	201,385	195,856	211,553	221,603
2. 2001	86,642	77,595	67,576	45,197	43,513	44,857	44,153	42,753	48,745	73,250
3. 2002	X X X	79,452	74,892	63,403	53,191	55,580	49,677	47,395	62,712	69,825
4. 2003	X X X	X X X	107,436	89,000	78,523	81,356	74,452	69,734	73,623	75,866
5. 2004	X X X	X X X	X X X	132,094	102,766	96,219	84,631	83,256	79,265	82,843
6. 2005	X X X	X X X	X X X	X X X	160,555	104,979	93,705	96,216	90,442	96,072
7. 2006	X X X	X X X	X X X	X X X	X X X	165,941	133,405	122,265	104,320	97,480
8. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	224,099	166,263	140,708
9. 2008	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	239,461	156,240
10. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	245,537
11. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**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 (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX
2. 2001	74	74	0	65	65	3	3	7	7	0	0	9
3. 2002	0	0	0	0	0	0	0	0	0	0	0	0
4. 2003	0	0	0	0	0	0	0	0	0	0	0	0
5. 2004	0	0	0	0	0	0	0	0	0	0	0	0
6. 2005	0	0	0	0	0	0	0	0	0	0	0	0
7. 2006	0	0	0	0	0	0	0	0	0	0	0	0
8. 2007	0	0	0	0	0	0	0	0	0	0	0	0
9. 2008	0	0	0	0	0	0	0	0	0	0	0	0
10. 2009	0	0	0	0	0	0	0	0	0	0	0	0
11. 2010	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	65	65	3	3	7	7	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 & 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	0	0	0	0	0	0	0	0
2.	0	0	0	0	0	0	0	0	0	0	0	0	0
3.	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	0	0	0	0	0	0	0	0	0	0	0	0	0
5.	0	0	0	0	0	0	0	0	0	0	0	0	0
6.	0	0	0	0	0	0	0	0	0	0	0	0	0
7.	0	0	0	0	0	0	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	0	0	0	0	0	0	0	0	0	0	0	0	0
11.	0	0	0	0	0	0	0	0	0	0	0	0	0
12.	0	0	0	0	0	0	0	0	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	0	0	XXX	0	0
2.	75	75	0	101.4	101.4	0.0	0	0	0.0	0	0
3.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
4.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
5.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
6.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
7.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
8.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
9.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
10.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
11.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0

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Sch. P, Pt. 1B, Private Passenger Auto Liability/Medical

**NONE**

**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 (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	0	0	0	0	0	0	0	0	X X X
2. 2001	2,842	2,774	68	3,186	3,033	543	578	282	241	0	159	1,195
3. 2002	129	23	106	209	0	21	0	34	0	0	264	21
4. 2003	292	0	292	1	0	0	(52)	15	0	0	68	0
5. 2004	21	0	21	0	0	0	0	116	0	0	116	0
6. 2005	5	0	5	0	0	0	7	30	0	0	23	0
7. 2006	(2)	0	(2)	0	0	0	0	0	0	0	0	0
8. 2007	0	0	0	0	0	0	0	0	0	0	0	0
9. 2008	(2)	0	(2)	0	0	0	0	0	0	0	0	0
10. 2009	36	9	27	0	0	0	0	0	0	0	0	0
11. 2010	451	95	356	0	0	1	0	13	0	0	14	67
12. Totals	X X X	X X X	X X X	3,396	3,033	565	533	490	241	0	644	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & 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	2	0	0	0	0	0	0	0	0	2	0
2.	0	0	0	0	0	0	0	0	0	0	0	0	0
3.	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	0	0	0	0	0	0	0	0	0	0	0	0	0
5.	0	0	0	0	0	0	0	0	0	0	0	0	0
6.	0	0	0	0	0	0	0	0	0	0	0	0	0
7.	0	0	0	0	0	0	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	0	0	48	29	0	0	0	0	0	0	0	19	0
11.	0	0	282	16	1	0	0	0	8	0	0	275	28
12.	0	0	332	45	1	0	0	0	8	0	0	296	28

	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.	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	2	0
2.	4,011	3,852	159	141.1	138.9	233.8	0	0	0.0	0	0
3.	264	0	264	204.7	0.0	249.1	0	0	0.0	0	0
4.	16	(52)	68	5.5	0.0	23.3	0	0	0.0	0	0
5.	116	0	116	552.4	0.0	552.4	0	0	0.0	0	0
6.	30	7	23	600.0	0.0	460.0	0	0	0.0	0	0
7.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
8.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
9.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
10.	48	29	19	133.3	322.2	70.4	0	0	0.0	19	0
11.	305	16	289	67.6	16.8	81.2	0	0	0.0	266	9
12.	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	287	9

**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 (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	766	422	340	154	0	0	0	530	X X X
2. 2001	65,881	45,440	20,441	52,707	38,210	11,042	7,940	3,625	0	0	21,224	9,211
3. 2002	45,695	23,191	22,504	21,546	16,438	3,683	2,945	2,823	0	0	8,669	4,748
4. 2003	30,348	6,204	24,144	6,517	4,206	873	780	2,380	0	0	4,784	699
5. 2004	27,120	3,380	23,740	2,804	1,132	285	196	2,842	0	0	4,603	560
6. 2005	33,844	5,522	28,322	3,377	1,683	299	197	2,555	0	0	4,351	523
7. 2006	30,469	4,142	26,327	1,064	267	58	29	2,117	0	0	2,943	201
8. 2007	24,250	3,822	20,428	754	172	116	4	1,512	0	0	2,206	161
9. 2008	21,832	2,930	18,902	414	31	8	0	1,151	0	0	1,542	134
10. 2009	20,964	2,619	18,345	1,425	249	65	13	1,215	0	0	2,443	153
11. 2010	25,967	3,193	22,774	89	12	7	0	1,324	0	0	1,408	131
12. Totals	X X X	X X X	X X X	91,463	62,822	16,776	12,258	21,544	0	0	54,703	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & 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.	5,045	2,630	2,086	997	412	154	341	75	13	0	0	4,041	60
2.	5,075	2,031	2,707	899	675	256	528	86	19	0	0	5,732	96
3.	1,540	698	1,880	460	174	58	634	24	14	0	0	3,002	39
4.	1,133	376	2,435	270	83	20	263	4	24	0	0	3,268	9
5.	461	161	3,643	640	28	13	189	0	31	0	0	3,538	2
6.	1,697	341	4,763	989	92	21	314	0	44	0	0	5,559	7
7.	943	534	4,655	924	55	34	286	0	39	0	0	4,486	6
8.	923	351	5,567	924	71	31	293	0	48	0	0	5,596	8
9.	406	40	5,460	902	19	4	351	0	46	0	0	5,336	6
10.	1,418	162	5,543	745	61	19	402	0	51	0	0	6,549	8
11.	463	0	6,479	1,083	35	0	1,006	0	1,387	0	0	8,287	15
12.	19,104	7,324	45,218	8,833	1,705	610	4,607	189	1,716	0	0	55,394	256

	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.	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	3,504	537
2.	76,378	49,422	26,956	115.9	108.8	131.9	0	0	0.0	4,852	880
3.	32,294	20,623	11,671	70.7	88.9	51.9	0	0	0.0	2,262	740
4.	13,708	5,656	8,052	45.2	91.2	33.3	0	0	0.0	2,922	346
5.	10,283	2,142	8,141	37.9	63.4	34.3	0	0	0.0	3,303	235
6.	13,141	3,231	9,910	38.8	58.5	35.0	0	0	0.0	5,130	429
7.	9,217	1,788	7,429	30.3	43.2	28.2	0	0	0.0	4,140	346
8.	9,284	1,482	7,802	38.3	38.8	38.2	0	0	0.0	5,215	381
9.	7,855	977	6,878	36.0	33.3	36.4	0	0	0.0	4,924	412
10.	10,180	1,188	8,992	48.6	45.4	49.0	0	0	0.0	6,054	495
11.	10,790	1,095	9,695	41.6	34.3	42.6	0	0	0.0	5,859	2,428
12.	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	48,165	7,229

**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 (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	694	913	1,189	201	0	0	0	769	XXX
2. 2001	237	68	169	10	10	2	2	7	7	0	0	28
3. 2002	178	0	178	0	0	0	0	0	0	0	0	0
4. 2003	177	0	177	0	0	0	0	0	0	0	0	0
5. 2004	187	0	187	0	0	0	0	0	0	0	0	0
6. 2005	127	0	127	0	0	0	0	0	0	0	0	0
7. 2006	130	0	130	0	0	0	0	0	0	0	0	0
8. 2007	140	0	140	0	0	0	0	0	0	0	0	0
9. 2008	147	0	147	0	0	0	0	0	0	0	0	0
10. 2009	149	0	149	0	0	0	0	0	0	0	0	0
11. 2010	171	0	171	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	704	923	1,191	203	7	7	0	769	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	2,927	224	10,871	1,588	681	114	4,955	1,032	100	0	0	16,576	20
2.	0	0	10	0	0	0	0	0	0	0	0	10	0
3.	0	0	10	0	0	0	0	0	0	0	0	10	0
4.	0	0	10	0	0	0	0	0	0	0	0	10	0
5.	0	0	10	0	0	0	0	0	0	0	0	10	0
6.	0	0	10	0	0	0	0	0	0	0	0	10	0
7.	0	0	10	0	0	0	0	0	0	0	0	10	0
8.	0	0	10	0	0	0	0	0	0	0	0	10	0
9.	0	0	10	0	0	0	0	0	0	0	0	10	0
10.	0	0	10	0	0	0	0	0	0	0	0	10	0
11.	0	0	33	0	0	0	0	0	0	0	0	33	0
12.	2,927	224	10,994	1,588	681	114	4,955	1,032	100	0	0	16,699	20

	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	11,986	4,590
2.	29	19	10	12.2	27.9	5.9	0	0	0.0	10	0
3.	10	0	10	5.6	0.0	5.6	0	0	0.0	10	0
4.	10	0	10	5.6	0.0	5.6	0	0	0.0	10	0
5.	10	0	10	5.3	0.0	5.3	0	0	0.0	10	0
6.	10	0	10	7.9	0.0	7.9	0	0	0.0	10	0
7.	10	0	10	7.7	0.0	7.7	0	0	0.0	10	0
8.	10	0	10	7.1	0.0	7.1	0	0	0.0	10	0
9.	10	0	10	6.8	0.0	6.8	0	0	0.0	10	0
10.	10	0	10	6.7	0.0	6.7	0	0	0.0	10	0
11.	33	0	33	19.3	0.0	19.3	0	0	0.0	33	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	12,109	4,590

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Sch P, Pt. 1F, Sn. 1, Medical Professional Liability, Occurrence

**NONE**

**Page 39**

Sch P, Pt. 1F, Sn. 2, Medical Professional Liability Claims Made

**NONE**

**Page 40**

Sch. P, Pt. 1G, Special Liability

**NONE**

**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 (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	34,883	2,029	717	(61)	422	0	0	34,054	X X X
2. 2001	77,477	11,263	66,214	51,767	9,916	116	(1)	411	1	0	42,378	2,597
3. 2002	101,998	12,227	89,771	41,835	4,911	73	0	389	0	0	37,386	2,719
4. 2003	139,165	10,861	128,304	32,978	1,277	116	0	335	0	0	32,152	2,777
5. 2004	178,960	17,114	161,846	27,198	1,142	45	0	252	0	0	26,353	2,583
6. 2005	207,862	18,890	188,972	16,927	1,105	212	0	184	0	0	16,218	2,487
7. 2006	256,660	25,744	230,916	14,232	613	88	0	154	0	0	13,861	2,513
8. 2007	276,408	24,868	251,540	12,841	2,996	79	3	123	0	0	10,044	2,391
9. 2008	263,606	21,647	241,959	7,399	43	67	0	90	0	0	7,513	1,955
10. 2009	279,810	22,426	257,384	3,691	156	208	0	44	0	0	3,787	1,259
11. 2010	290,204	23,889	266,315	47	0	0	0	1	0	0	48	603
12. Totals	X X X	X X X	X X X	243,798	24,188	1,721	(59)	2,405	1	0	223,794	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct & 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.	206,129	28,211	158,971	6,069	473	46	3,711	0	4,903	0	0	339,861	1,440
2.	33,653	5,661	54,078	1,578	11	0	388	0	25	0	0	80,916	226
3.	33,518	7,746	51,625	1,425	33	0	407	0	25	0	0	76,437	217
4.	26,991	381	55,952	1,852	26	0	427	0	25	0	0	81,188	190
5.	41,888	6,069	61,502	3,102	49	0	448	0	25	0	0	94,741	157
6.	15,390	639	69,035	2,435	27	0	470	0	25	0	0	81,873	119
7.	25,146	2,237	69,148	2,548	36	0	493	0	862	0	0	90,900	102
8.	24,774	3,697	93,997	5,364	46	0	521	0	969	0	0	111,246	87
9.	22,800	1,264	89,188	4,496	19	0	553	0	999	0	0	107,799	55
10.	15,167	2,586	111,665	5,935	172	0	727	0	1,166	0	0	120,376	29
11.	3,430	2,091	146,995	6,714	0	0	3,116	0	1,225	0	0	145,961	85
12.	448,886	60,582	962,156	41,518	892	46	11,261	0	10,249	0	0	1,331,298	2,707

	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.	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	330,820	9,041
2.	140,449	17,155	123,294	181.3	152.3	186.2	0	0	0.0	80,492	424
3.	127,905	14,082	113,823	125.4	115.2	126.8	0	0	0.0	75,972	465
4.	116,850	3,510	113,340	84.0	32.3	88.3	0	0	0.0	80,710	478
5.	131,407	10,313	121,094	73.4	60.3	74.8	0	0	0.0	94,219	522
6.	102,270	4,179	98,091	49.2	22.1	51.9	0	0	0.0	81,351	522
7.	110,159	5,398	104,761	42.9	21.0	45.4	0	0	0.0	89,509	1,391
8.	133,350	12,060	121,290	48.2	48.5	48.2	0	0	0.0	109,710	1,536
9.	121,115	5,803	115,312	45.9	26.8	47.7	0	0	0.0	106,228	1,571
10.	132,840	8,677	124,163	47.5	38.7	48.2	0	0	0.0	118,311	2,065
11.	154,814	8,805	146,009	53.3	36.9	54.8	0	0	0.0	141,620	4,341
12.	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	1,308,942	22,356

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Sch. P, Pt. 1H, Sn. 2, Other Liability, Claims Made

**NONE**

**Page 43**

Sch. P, Pt. 1I, Special Property

**NONE**

**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 Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	3,432,548	3,340,503	0	2,311,604	1,599,083	21,277,782	0	0
2. Alaska	AK	328,145	323,354	0	365,111	54,194	2,160,892	0	0
3. Arizona	AZ	4,129,120	3,789,443	0	261,192	(186,483)	13,295,310	0	0
4. Arkansas	AR	2,794,026	2,577,838	0	350,523	1,957,649	8,212,298	0	0
5. California	CA	51,882,768	47,357,811	0	6,414,394	14,079,475	91,603,837	0	0
6. Colorado	CO	4,287,143	4,117,569	0	1,844,569	4,525,092	14,472,031	0	0
7. Connecticut	CT	8,362,209	7,912,750	0	636,179	1,540,221	32,537,753	0	0
8. Delaware	DE	647,131	583,512	0	380,124	900,883	3,466,716	0	0
9. Dist. Columbia	DC	403,893	386,451	0	38,573	(2,963)	1,041,344	0	0
10. Florida	FL	8,197,765	7,755,947	0	5,827,869	11,346,554	75,221,578	0	0
11. Georgia	GA	10,023,509	9,709,212	0	1,302,033	7,551,356	42,209,473	0	0
12. Hawaii	HI	938,499	914,358	0	(3)	(120,566)	1,120,233	0	0
13. Idaho	ID	590,324	474,078	0	0	(142,563)	730,456	0	0
14. Illinois	IL	26,455,497	26,595,081	0	11,994,790	14,141,748	167,650,811	0	0
15. Indiana	IN	4,458,742	4,105,060	0	814,634	1,552,226	13,321,396	0	0
16. Iowa	IA	2,896,739	2,822,097	0	1,841,278	8,251,910	20,502,089	0	0
17. Kansas	KS	5,030,269	5,033,164	0	838,233	10,448,255	23,455,928	0	0
18. Kentucky	KY	4,904,795	4,404,999	0	1,778,933	2,875,461	22,612,743	0	0
19. Louisiana	LA	8,802,390	8,553,398	0	2,965,337	5,221,409	59,668,500	0	0
20. Maine	ME	2,303,504	2,264,462	0	1,236,692	1,100,839	19,865,735	0	0
21. Maryland	MD	5,643,623	5,696,156	0	1,752,908	5,599,724	30,341,996	0	0
22. Massachusetts	MA	6,190,962	5,908,950	0	1,887,633	4,762,474	38,297,942	0	0
23. Michigan	MI	7,481,546	6,748,875	0	2,030,426	11,944,390	41,936,212	0	0
24. Minnesota	MN	999,074	980,058	0	447,179	387,633	2,669,011	0	0
25. Mississippi	MS	5,801,637	5,643,965	0	2,160,507	5,741,546	32,357,618	0	0
26. Missouri	MO	12,427,887	12,901,923	0	2,985,284	11,897,165	63,220,722	0	0
27. Montana	MT	1,476,484	1,412,082	0	113,886	419,014	3,300,736	0	0
28. Nebraska	NE	1,335,969	1,242,270	0	66,296	(163,133)	4,364,300	0	0
29. Nevada	NV	4,185,291	4,134,951	0	1,964,590	8,146,152	24,653,437	0	0
30. New Hampshire	NH	1,140,303	1,069,002	0	0	(363,459)	1,391,235	0	0
31. New Jersey	NJ	6,276,123	5,414,668	0	2,192,289	2,002,993	30,852,454	0	0
32. New Mexico	NM	2,597,696	2,948,154	0	275,057	1,352,598	7,564,706	0	0
33. New York	NY	23,099,526	24,162,285	0	3,121,317	13,927,904	116,226,042	0	0
34. North Carolina	NC	8,742,001	7,275,853	0	1,664,745	14,986,664	38,873,655	0	0
35. North Dakota	ND	2,037	1,897	0	0	906	3,288	0	0
36. Ohio	OH	12,324,895	12,202,680	0	8,096,346	20,912,820	98,227,903	0	0
37. Oklahoma	OK	3,989,014	3,637,784	0	1,043,039	9,784,288	33,013,650	0	0
38. Oregon	OR	2,829,825	2,840,861	0	87,974	156,040	5,590,283	0	0
39. Pennsylvania	PA	14,858,262	14,869,156	0	7,896,378	7,558,092	69,802,974	0	0
40. Rhode Island	RI	337,619	433,398	0	0	(200,421)	586,088	0	0
41. South Carolina	SC	4,599,686	4,189,798	0	150,490	48,744	9,514,868	0	0
42. South Dakota	SD	353,555	867,102	0	257,708	1,610,769	6,015,661	0	0
43. Tennessee	TN	6,546,714	5,887,173	0	1,238,983	2,675,784	20,465,383	0	0
44. Texas	TX	15,153,918	13,752,005	0	1,417,590	9,416,238	51,352,143	0	0
45. Utah	UT	1,637,046	1,620,798	0	59,964	2,626,401	8,388,364	0	0
46. Vermont	VT	796,428	674,270	0	0	(122,968)	1,261,416	0	0
47. Virginia	VA	9,360,901	9,554,199	0	1,279,604	2,416,228	23,439,420	0	0
48. Washington	WA	10,972,405	10,302,078	0	3,474,658	9,945,297	52,605,077	0	0
49. West Virginia	WV	303,272	264,493	0	671,599	140,709	2,689,160	0	0
50. Wisconsin	WI	3,829,881	3,177,003	0	1,007,051	490,847	16,464,946	0	0
51. Wyoming	WY	2,126	1,842	0	0	688	3,140	0	0
52. American Samoa	AS	0	0	0	0	0	0	0	0
53. Guam	GU	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	0	0	0	0	0	0	0	0
57. Canada	CN	0	262,326	0	0	(3,375,841)	11,923,840	0	0
58. Aggregate other alien	OT	0	0	0	0	3,330	24,654	0	0
59. Totals	(a) 52	326,164,722	313,099,142	0	88,545,566	231,423,396	1,481,849,229	0	0
<b>DETAILS OF WRITE-INS</b>									
5801. Bermuda	X X X	0	0	0	0	3,330	24,654	0	0
5802.	X X X	0	0	0	0	0	0	0	0
5803.	X X X	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	0	0	0	0	0	0	0	0
5899. Totals (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	X X X	0	0	0	0	3,330	24,654	0	0

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

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

IBNR allocated on the basis of direct premiums written for the most recent accident years and losses incurred for the prior accident years.

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

## 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 .....	15,594,489	0.664	15,594,489	0.664
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies .....	0	0.000	0	0.000
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities) .....	49,730,470	2.117	49,730,470	2.118
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....	113,881,774	4.848	113,881,774	4.850
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....	347,927,755	14.810	347,927,755	14.819
1.43 Revenue and assessment obligations .....	1,230,644,679	52.384	1,230,644,679	52.416
1.44 Industrial development and similar obligations .....	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....	1,153,722	0.049	1,153,722	0.049
1.512 Issued or guaranteed by FNMA and FHLMC .....	165,494	0.007	165,494	0.007
1.513 All other .....	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....	52,571,205	2.238	52,571,205	2.239
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 .....	0	0.000	0	0.000
1.523 All other .....	98,167,624	4.179	98,167,624	4.181
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) .....	60,867,547	2.591	60,867,547	2.592
2.2 Unaffiliated non-U.S. securities (including Canada) .....	4,615,217	0.196	4,615,217	0.197
2.3 Affiliated securities .....	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds .....	238,560	0.010	238,560	0.010
3.2 Preferred stocks:				
3.21 Affiliated .....	55,589,405	2.366	55,589,405	2.368
3.22 Unaffiliated .....	50,361,297	2.144	50,361,297	2.145
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....	81,031,217	3.449	80,508,558	3.429
3.32 Unaffiliated .....	22,894	0.001	22,894	0.001
3.4 Other equity securities:				
3.41 Affiliated .....	0	0.000	0	0.000
3.42 Unaffiliated .....	2,673,300	0.114	2,673,300	0.114
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....	0	0.000	0	0.000
3.52 Unaffiliated .....	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development .....	0	0.000	0	0.000
4.2 Agricultural .....	0	0.000	0	0.000
4.3 Single family residential properties .....	0	0.000	0	0.000
4.4 Multifamily residential properties .....	0	0.000	0	0.000
4.5 Commercial loans .....	3,407,050	0.145	2,986,030	0.127
4.6 Mezzanine real estate loans .....	777,973	0.033	777,973	0.033
5. Real estate investments:				
5.1 Property occupied by company .....	23,935,811	1.019	23,935,811	1.019
5.2 Property held for production of income (including \$ ..... 0 of property acquired in satisfaction of debt) .....	0	0.000	0	0.000
5.3 Property held for sale (including \$ ..... 0 property acquired in satisfaction of debt) .....	1,716,648	0.073	1,716,648	0.073
6. Contract loans .....	0	0.000	0	0.000
7. Receivables for securities .....	588,348	0.025	99,473	0.004
8. Cash, cash equivalents and short-term investments .....	69,822,322	2.972	69,822,322	2.974
9. Other invested assets .....	83,802,233	3.567	83,802,233	3.569
10. Total invested assets .....	2,349,287,034	100.000	2,347,854,480	100.000