



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007
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 2043 Woodland Parkway, St. Louis, Missouri 63146-4235
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 314-995-5300
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2043 Woodland Parkway, St. Louis, Missouri 63146-4235
(Street and Number or P. O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 2043 Woodland Parkway, St. Louis, Missouri 63146-4235
(Street and Number, City or Town, State and Zip Code)
314-995-5300
(Area Code) (Telephone Number)

Internet Website Address www.sncc.com

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OFFICERS

Terrence Todd Schoeninger (President)
Jeffrey William Otto (Secretary)
Duane Allen Hercules (Treasurer)

OTHER OFFICERS

John Paul Csik
Eugene Raymond Maier
Carleton Sherwood Reynolds, III
Gerald Roger Scott
Mark Andrew Wilhelm

DIRECTORS OR TRUSTEES

Harold Franz IIg
Charles Donald Ainsworth
Duane Allen Hercules
Jeffrey William Otto
Robert Rosenkranz
Terrence Todd Schoeninger
Gerald Roger Scott
Donald Alan Sherman
Robert Michael Smith, Jr.
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.

Terrence Todd Schoeninger
President
Subscribed and sworn to before me this
day of _____ 2008

Jeffrey William Otto
Secretary

Duane Allen Hercules
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)	1,264,134,768	0	1,264,134,768	1,126,407,861
2. Stocks (Schedule D):				
2.1 Preferred stocks	37,305,103	0	37,305,103	40,876,750
2.2 Common stocks	51,449,168	0	51,449,168	33,400,691
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	31,998,766	1,537,125	30,461,641	19,956,874
3.2 Other than first liens	2,408,190	830,386	1,577,804	1,333,033
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	10,834,430	0	10,834,430	8,717,065
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)	4,004,209	0	4,004,209	0
5. Cash (\$ 24,501,168, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2) and short-term investments (\$ 73,201,160, Schedule DA)	97,702,328	0	97,702,328	129,981,609
6. Contract loans (including \$ 0 premium notes)	0	0	0	0
7. Other invested assets (Schedule BA)	178,505,018	0	178,505,018	81,892,517
8. Receivables for securities	14,577,750	0	14,577,750	4,490,783
9. Aggregate write-ins for invested assets	92,794	0	92,794	0
10. Subtotals, cash and invested assets (Line 1 through Line 9)	1,693,012,524	2,367,511	1,690,645,013	1,447,057,183
11. Title plants less \$ 0 charged off (for Title insurers only)	0	0	0	0
12. Investment income due and accrued	18,384,774	5,295	18,379,479	16,468,104
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	23,596,435	4,646,054	18,950,381	18,153,839
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 2,292,025 earned but unbilled premiums)	27,746,038	0	27,746,038	24,521,223
13.3 Accrued retrospective premiums	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	7,525,240	0	7,525,240	4,915,511
14.2 Funds held by or deposited with reinsured companies	626,366	0	626,366	1,655,338
14.3 Other amounts receivable under reinsurance contracts	0	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
16.2 Net deferred tax asset	16,709,787	6,297,820	10,411,967	5,400,840
17. Guaranty funds receivable or on deposit	772,593	0	772,593	1,045,630
18. Electronic data processing equipment and software	1,444,245	1,016,409	427,836	528,744
19. Furniture and equipment, including health care delivery assets (\$ 0)	205,752	205,752	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	66	0	66	0
21. Receivables from parent, subsidiaries and affiliates	676,975	0	676,975	781,039
22. Health care (\$ 0) and other amounts receivable	0	0	0	0
23. Aggregate write-ins for other than invested assets	2,383,025	0	2,383,025	2,383,025
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	1,793,083,820	14,538,841	1,778,544,979	1,522,910,476
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26. TOTALS (Line 24 and Line 25)	1,793,083,820	14,538,841	1,778,544,979	1,522,910,476
DETAILS OF WRITE-INS				
0901. Swaps	92,794	0	92,794	0
0902.	0	0	0	0
0903.	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	92,794	0	92,794	0
2301. Cash Surrender Value of Officer's Life Insurance	2,383,025	0	2,383,025	2,383,025
2302.	0	0	0	0
2303.	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	2,383,025	0	2,383,025	2,383,025

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	1,041,452,991	911,622,858
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 34, Column 9)	29,894,118	26,049,302
4. Commissions payable, contingent commissions and other similar charges	0	0
5. Other expenses (excluding taxes, licenses and fees)	15,190,401	11,967,632
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	5,371,568	7,217,034
7.1 Current federal and foreign income taxes (including \$ (456,302) on realized capital gains (losses))	8,651,225	741,214
7.2 Net deferred tax liability	0	0
8. Borrowed money \$ 0 and interest thereon \$ 0	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 7,937,684 and including warranty reserves of \$ 0)	102,369,575	102,653,059
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)	5,872,130	6,590,352
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	2,662,850	3,400,537
14. Amounts withheld or retained by company for account of others	19,204,159	14,996,150
15. Remittances and items not allocated	5,621,140	637,202
16. Provision for reinsurance (Schedule F, Part 7)	6,060,200	4,610,400
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	571
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	0	0
20. Payable for securities	1,885,851	11,883,874
21. Liability for amounts held under uninsured plans	0	0
22. Capital notes \$ 0 and interest thereon \$ 0	0	0
23. Aggregate write-ins for liabilities	71,357,277	4,514,039
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	1,315,593,485	1,106,884,224
25. Protected cell liabilities	0	0
26. Total liabilities (Line 24 and Line 25)	1,315,593,485	1,106,884,224
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock	25,000,000	25,000,000
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	0	0
32. Gross paid in and contributed surplus	51,850,061	51,850,061
33. Unassigned funds (surplus)	381,101,433	334,176,191
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)	0	0
34.2 0 shares preferred (value included in Line 29 \$ 0)	0	0
35. Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 39)	462,951,494	416,026,252
36. Totals (Page 2, Line 26, Column 3)	1,778,544,979	1,522,910,476
DETAILS OF WRITE-INS		
2301. Forward Contracts	3,935,916	4,514,039
2302. Payable for Security Transactions Not Yet Settled	67,421,361	0
2303.	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	71,357,277	4,514,039
2701.	0	0
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)	0	0
3001.	0	0
3002.	0	0
3003.	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	304,169,266	301,078,616
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	217,453,431	222,584,617
3. Loss expenses incurred (Part 3, Line 25, Column 1)	9,681,840	7,672,116
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	78,784,430	74,022,570
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Line 2 through Line 5)	305,919,701	304,279,303
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,750,435)	(3,200,687)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	80,902,230	62,325,579
10. Net realized capital gains (losses) less capital gains tax of \$ (456,302) (Exhibit of Capital Gains (Losses))	(2,051,446)	(1,991,001)
11. Net investment gain (loss) (Line 9 plus Line 10)	78,850,784	60,334,578
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 30,893 ,amount charged off \$ (217,283))	(186,390)	(9,331)
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)	(186,390)	(9,331)
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)	76,913,959	57,124,560
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)	76,913,959	57,124,560
19. Federal and foreign income taxes incurred	22,985,845	14,786,231
20. Net income (Line 18 minus Line 19) (to Line 22)	53,928,114	42,338,329
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	416,026,252	359,118,221
22. Net income (from Line 20)	53,928,114	42,338,329
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (2,388,361)	(4,341,132)	11,664,596
25. Change in net unrealized foreign exchange capital gain (loss)	2,146,122	(391,041)
26. Change in net deferred income tax	8,920,586	1,437,969
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Column 3)	(10,278,648)	428,378
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(1,449,800)	2,429,800
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	(2,000,000)	(1,000,000)
36. Change in treasury stock (Page 3, Line 34.1 and Line 34.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	46,925,242	56,908,031
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	462,951,494	416,026,252
DETAILS OF WRITE-INS		
0501	0	0
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)	0	0
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	0	0
3702	0	0
3703	0	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)	0	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	298,104,270	311,210,286
2. Net investment income	78,134,936	61,454,448
3. Miscellaneous income	842,582	472,174
4. Total (Line 1 through Line 3)	377,081,788	373,136,908
5. Benefit and loss related payments	88,658,188	88,499,343
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	83,893,192	76,345,319
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	14,619,532	10,839,752
10. Total (Line 5 through Line 9)	187,170,912	175,684,414
11. Net cash from operations (Line 4 minus Line 10)	189,910,876	197,452,494
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	200,480,884	163,185,339
12.2 Stocks	9,561,365	13,330,179
12.3 Mortgage loans	9,199,593	4,907,516
12.4 Real estate	1,850,000	9,888
12.5 Other invested assets	16,126,806	6,329,222
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	46,665,453	0
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	283,884,101	187,762,144
13. Cost of investments acquired (long-term only):		
13.1 Bonds	341,642,746	275,562,410
13.2 Stocks	28,563,959	16,511,247
13.3 Mortgage loans	22,137,904	3,272,068
13.4 Real estate	8,171,381	0
13.5 Other invested assets	108,169,149	25,874,948
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Line 13.1 through Line 13.6)	508,685,139	321,220,673
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)	(224,801,038)	(133,458,529)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	2,000,000	1,000,000
16.6 Other cash provided (applied)	4,610,881	11,287,742
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,610,881	10,287,742
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(32,279,281)	74,281,707
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of period	129,981,609	55,699,902
19.2 End of year (Line 18 plus Line 19.1)	97,702,328	129,981,609
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	140,710	29,602	30,676	139,636
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 malpractice - occurrence	0	0	0	0
11.2 Medical malpractice - 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	18,127,708	8,305,363	6,004,541	20,428,530
17.1 Other liability - occurrence	0	0	0	0
17.2 Other liability - claims-made	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0
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	36	0	0	36
21. Auto physical damage	0	0	0	0
22. Aircraft (all perils)	0	0	0	0
23. Fidelity	0	0	0	0
24. Surety	10,313,383	1,850,761	1,908,915	10,255,229
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. Reinsurance - Nonproportional Assumed Property	391,554	0	0	391,554
31. Reinsurance - Nonproportional Assumed Liability	25,461,054	3,005,556	7,052,517	21,414,093
32. Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33. Aggregate write-ins for other lines of business	249,443,764	89,462,698	87,366,274	251,540,188
34. TOTALS	303,878,209	102,653,980	102,362,923	304,169,266
DETAILS OF WRITE-INS				
3301. Excess Workers' Compensation for Self-Insurers	249,443,764	89,462,698	87,366,274	251,540,188
3302.	0	0	0	0
3303.	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	249,443,764	89,462,698	87,366,274	251,540,188

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	30,676	0	0	0	30,676
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 malpractice - occurrence	0	0	0	0	0
11.2 Medical malpractice - 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	6,004,541	0	0	0	6,004,541
17.1 Other liability - occurrence	0	0	0	0	0
17.2 Other liability - claims-made	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0
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	0	0	0	0	0
21. Auto physical damage	0	0	0	0	0
22. Aircraft (all perils)	0	0	0	0	0
23. Fidelity	0	0	0	0	0
24. Surety	1,908,915	0	0	0	1,908,915
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. Reinsurance - Nonproportional Assumed Property	0	0	0	0	0
31. Reinsurance - Nonproportional Assumed Liability	7,052,517	0	0	0	7,052,517
32. Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0	0
33. Aggregate write-ins for other lines of business	87,366,274	0	0	0	87,366,274
34. TOTALS	102,362,923	0	0	0	102,362,923
35. Accrued retrospective premiums based on experience					0
36. Earned but unbilled premiums					0
37. Balance (Sum of Line 34 through Line 36)					102,362,923
DETAILS OF WRITE-INS					
3301. Excess Workers' Compensation for Self-Insurers	87,366,274	0	0	0	87,366,274
3302.	0	0	0	0	0
3303.	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	87,366,274	0	0	0	87,366,274

(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	140,710	0	0	0	0	140,710
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 malpractice - occurrence	0	0	0	0	0	0
11.2 Medical malpractice - 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	19,241,237	2,057,531	150,588	0	3,321,648	18,127,708
17.1 Other liability - occurrence	0	0	0	0	0	0
17.2 Other liability - claims-made	0	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0	0
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	0	0	36	0	0	36
21. Auto physical damage	0	0	0	0	0	0
22. Aircraft (all perils)	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0
24. Surety	10,179,080	134,303	0	0	0	10,313,383
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. Reinsurance - Nonproportional Assumed Property	X X X	0	391,554	0	0	391,554
31. Reinsurance - Nonproportional Assumed Liability	X X X	0	25,461,054	0	0	25,461,054
32. Reinsurance - Nonproportional Assumed Financial Lines	X X X	0	0	0	0	0
33. Aggregate write-ins for other lines of business	262,594,908	0	11,283,367	0	24,434,511	249,443,764
34. TOTALS	292,155,935	2,191,834	37,286,599	0	27,756,159	303,878,209
DETAILS OF WRITE-INS						
3301. Excess Workers' Compensation for Self-Insurers	262,594,908	0	11,283,367	0	24,434,511	249,443,764
3302.	0	0	0	0	0	0
3303.	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	262,594,908	0	11,283,367	0	24,434,511	249,443,764

(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 2007 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	14,461,350	0	5,219,345	9,242,005	6,192,177	10,434,183	4,999,999	3,580.7
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 malpractice - occurrence	0	0	0	0	0	0	0	0.0
11.2 Medical malpractice - 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	5,973,763	867,311	3,137,525	3,703,549	46,753,634	41,705,657	8,751,526	42.8
17.1 Other liability - occurrence	0	0	0	0	0	0	0	0.0
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0.0
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0.0
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	4,730	0	4,730	61,623	75,468	(9,115)	(25,319.4)
21. Auto physical damage	0	0	0	0	0	574	(574)	0.0
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	12,499	0	0	12,499	6,000,047	4,403,284	1,609,262	15.7
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. Reinsurance- Nonproportional Assumed Property	X X X	7,304,463	0	7,304,463	4,469,838	11,212,816	561,485	143.4
31. Reinsurance- Nonproportional Assumed Liability	X X X	9,655,698	0	9,655,698	43,793,399	41,272,315	12,176,782	56.9
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X	0	0	0	0	0	0	0.0
33. Aggregate write-ins for other lines of business	63,121,289	996,873	5,994,374	58,123,788	934,182,273	802,518,561	189,787,500	75.5
34. TOTALS	83,568,901	18,829,075	14,351,244	88,046,732	1,041,452,991	911,622,858	217,876,865	71.6
DETAILS OF WRITE-INS								
3301. Excess Workers' Compensation for Self-Insurers	63,121,289	996,873	5,994,374	58,123,788	934,182,273	802,518,561	189,787,500	75.5
3302.	0	0	0	0	0	0	0	0.0
3303.	0	0	0	0	0	0	0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0.0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	63,121,289	996,873	5,994,374	58,123,788	934,182,273	802,518,561	189,787,500	75.5

ANNUAL STATEMENT FOR THE YEAR 2007 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 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	2,873,982	0	957,635	1,916,347	5,994,015	0	1,718,185	6,192,177	4,753,919
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 malpractice - occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical malpractice - 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	14,807,252	1,984,805	6,830,563	9,961,494	47,903,364	7,156,722	18,267,946	46,753,634	6,521,252
17.1 Other liability - occurrence	0	0	0	0	0	0	0	0	0
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0	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	152,238	3,795	152,167	3,866	142,726	31	85,000	61,623	2,114
21. Auto physical damage	(9,067)	0	(9,067)	0	0	0	0	0	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	535,297	0	0	535,297	5,456,668	8,082	0	6,000,047	7,062
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. Reinsurance- Nonproportional Assumed Property	X X X	3,661,667	0	3,661,667	X X X	808,171	0	4,469,838	0
31. Reinsurance- Nonproportional Assumed Liability	X X X	22,474,321	0	22,474,321	X X X	21,319,078	0	43,793,399	300,443
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X	0	0	0	X X X	0	0	0	0
33. Aggregate write-ins for other lines of business	342,359,803	3,219,299	47,124,149	298,454,953	667,311,584	2,466,344	34,050,608	934,182,273	18,309,328
34. TOTALS	360,719,505	31,343,887	55,055,447	337,007,945	726,808,357	31,758,428	54,121,739	1,041,452,991	29,894,118
DETAILS OF WRITE-INS									
3301. Excess Workers' Compensation for Self-Insurers	342,359,803	3,219,299	47,124,149	298,454,953	667,311,584	2,466,344	34,050,608	934,182,273	18,309,328
3302.	0	0	0	0	0	0	0	0	0
3303.	0	0	0	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	342,359,803	3,219,299	47,124,149	298,454,953	667,311,584	2,466,344	34,050,608	934,182,273	18,309,328

(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	10,500,329	0	0	10,500,329
1.2 Reinsurance assumed	207,599	0	0	207,599
1.3 Reinsurance ceded	3,400,291	0	0	3,400,291
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	7,307,637	0	0	7,307,637
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	32,162,677	0	32,162,677
2.2 Reinsurance assumed excluding contingent	0	3,638,029	0	3,638,029
2.3 Reinsurance ceded excluding contingent	0	3,060,489	0	3,060,489
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	32,740,217	0	32,740,217
3. Allowances to manager and agents	0	0	0	0
4. Advertising	0	602,170	0	602,170
5. Boards, bureaus and associations	0	680,989	0	680,989
6. Surveys and underwriting reports	0	244,881	0	244,881
7. Audit of assureds' records	0	154,288	0	154,288
8. Salary and related items:				
8.1 Salaries	384,000	23,917,932	1,316,153	25,618,085
8.2 Payroll taxes	29,376	1,295,161	176,660	1,501,197
9. Employee relations and welfare	96,000	2,581,528	402,248	3,079,776
10. Insurance	0	221,487	0	221,487
11. Directors' fees	0	0	0	0
12. Travel and travel items	0	2,049,881	218,558	2,268,439
13. Rent and rent items	33,000	1,493,867	535,902	2,062,769
14. Equipment	0	1,298,665	0	1,298,665
15. Cost or depreciation of EDP equipment and software	0	646,785	0	646,785
16. Printing and stationery	0	273,093	0	273,093
17. Postage, telephone and telegraph, exchange and express	0	436,067	56,642	492,709
18. Legal and auditing	0	1,263,628	0	1,263,628
19. Totals (Line 3 through Line 18)	542,376	37,160,422	2,706,163	40,408,961
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 320,013	0	6,715,444	0	6,715,444
20.2 Insurance department licenses and fees	0	578,304	0	578,304
20.3 Gross guaranty association assessments	0	(75,424)	0	(75,424)
20.4 All other (excluding federal and foreign income and real estate)	0	44,198	340,000	384,198
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)	0	7,262,522	340,000	7,602,522
21. Real estate expenses	0	0	785,118	785,118
22. Real estate taxes	0	0	228,212	228,212
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	1,831,827	1,621,269	4,902,480	8,355,576
25. Total expenses incurred	9,681,840	78,784,430	8,961,973	(a) 97,428,243
26. Less unpaid expenses - current year	29,894,118	20,561,969	0	50,456,087
27. Add unpaid expenses - prior year	26,049,302	19,184,666	0	45,233,968
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)	5,837,024	77,407,127	8,961,973	92,206,124
DETAILS OF WRITE-INS				
2401. Banking and Investment Managers Fees	0	0	4,646,320	4,646,320
2402. Contributions	0	6,760	0	6,760
2403. Professional Services	0	1,594,371	256,160	1,850,531
2498. Summary of remaining write-ins for Line 24 from overflow page	1,831,827	20,138	0	1,851,965
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	1,831,827	1,621,269	4,902,480	8,355,576

(a) Includes management fees of \$ 3,782,050 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) 2,206,757	2,033,937
1.1 Bonds exempt from U.S. tax	(a) 38,189,345	40,285,820
1.2 Other bonds (unaffiliated)	(a) 29,486,371	29,052,146
1.3 Bonds of affiliates	(a) 1,659,596	1,657,601
2.1 Preferred stocks (unaffiliated)	(b) 4,208,631	4,595,592
2.11 Preferred stocks of affiliates	(b) 400,000	400,000
2.2 Common stocks (unaffiliated)	1,135,580	1,141,254
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 4,283,251	4,305,230
4. Real estate	(d) 1,185,172	1,197,672
5. Contract loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 3,926,734	3,926,734
7. Derivative instruments	(f) 0	0
8. Other invested assets	1,462,047	1,462,047
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	88,143,484	90,058,033
11. Investment expenses		(g) 8,961,973
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 193,830
15. Aggregate write-ins for deductions from investment income		0
16. Totals deductions (Line 11 through Line 15)		9,155,803
17. Net investment income (Line 10 minus Line 16)		80,902,230
DETAILS OF WRITE-INS		
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 \$ 3,126,330 accrual of discount less \$ 2,743,110 amortization of premium and less \$ 1,609,459 paid for accrued interest on purchases.	(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.	
(b) Includes \$ 395,280 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 \$ 73,673 accrual of discount less \$ 0 amortization of premium and less \$ 747 paid for accrued interest on purchases.	(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.	
(d) Includes \$ 1,161,528 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.	(i) Includes \$ 193,830 depreciation on real estate and \$ 0 depreciation on other invested assets.	
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 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	30,149	0	30,149	0	0
1.1 Bonds exempt from U.S. tax	(593,148)	0	(593,148)	0	0
1.2 Other bonds (unaffiliated)	(455,338)	(960,452)	(1,415,790)	(4,488,716)	2,146,122
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	(150,000)	(150,000)	(4,496,680)	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	88,245	(99,910)	(11,665)	(885,344)	0
2.21 Common stocks of affiliates	0	0	0	622,645	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	(5,977)	0	(5,977)	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	(361,316)	0	(361,316)	51,026	0
8. Other invested assets	0	0	0	2,467,575	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(1,297,385)	(1,210,362)	(2,507,747)	(6,729,494)	2,146,122
DETAILS OF WRITE-INS					
0901.	0	0	0	0	0
0902.	0	0	0	0	0
0903.	0	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	0	0	0	0	0

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	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	1,537,125	105,065	(1,432,060)
3.2 Other than first liens	830,386	0	(830,386)
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Line 1 to Line 9)	2,367,511	105,065	(2,262,446)
11. Title plants (for Title insurers only)	0	0	0
12. Investment income due and accrued	5,295	2,120	(3,175)
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	4,646,054	3,604,126	(1,041,928)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
13.3 Accrued retrospective premiums	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset	6,297,820	0	(6,297,820)
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software	1,016,409	219,961	(796,448)
19. Furniture and equipment, including health care delivery assets	205,752	328,921	123,169
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivable from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable	0	0	0
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	14,538,841	4,260,193	(10,278,648)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Line 24 and Line 25)	14,538,841	4,260,193	(10,278,648)
DETAILS OF WRITE-INS			
0901.	0	0	0
0902.	0	0	0
0903.	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	0	0	0
2301.	0	0	0
2302.	0	0	0
2303.	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 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.

- 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 market value.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest or pro-rata method.
- (3) Common stocks are stated at market value.
- (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.
- (7) The investments in stock of the Company's wholly owned subsidiaries Safety First and Safety National Re are valued on the equity basis.
- (8) The investments in partnerships and limited liability companies are valued on the equity basis.
- (9) All derivatives are stated at fair value.
- (10) The Company does utilize 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 therefrom are reflected in operations.
- (12) N/A.
- (13) N/A.

2. Accounting Changes and Corrections of Errors

N/A.

3. Business Combinations and Goodwill

N/A.

4. Discontinued Operations

In 2005, the Company experienced losses in its non-core property catastrophe reinsurance business, the majority of which were attributable to Hurricanes Katrina and Wilma and which cover the Company's maximum exposure to this event. In the fourth quarter of 2005, the Company decided to exit its non-core property catastrophe reinsurance business and has not renewed or written any new reinsurance treaties in this line of business.

NOTES TO FINANCIAL STATEMENTS

The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Statement of Income is as follows:

Balance Sheet at December 31, 2007

Assets

Line 13.1	Uncollected premiums and agents' balances in the course of collection	\$259,000
Line 13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	0
Line 26	Total Assets	\$259,000

Liabilities, Surplus and Other Funds

Line 1	Losses	\$4,470,000
Line 26	Total liabilities	\$4,470,000

Statement of Income as of December 31, 2007

Line 1	Premiums earned	\$ 392,000
Line 2	Losses incurred	561,000
Line 4	Other underwriting expenses incurred	33,000
Line 6	Total underwriting deductions	594,000
Line 8	Net underwriting loss	(202,000)
Line 9	Net investment gain	202,000
Line 16	Net income before dividends to policy holders, after capital gains tax and before all other federal and foreign income taxes	0
Line 18	Net income, after dividends to policy holders, after capital gains tax and before all other federal and foreign income taxes	0
Line 19	Federal and foreign income taxes incurred	0
Line 20	Net income	0

5. Investments

A. Mortgage Loans

- (1) During 2007, the Company acquired commercial mortgages with maximum and minimum lending rates between 16.74% and 10%, respectively and mezzanine loans with maximum and minimum lending rates between 16% and 12.85% respectively.
- (2) N/A.
- (3) The maximum percentage of any one loan to the value of security at the time of the loan was 98%.
- (4) As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment of \$2,461,913, excluding accrued interest in the amount of \$592,813.
- (5) - (12) N/A.

B. N/A.

C. N/A.

D. 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 retrospective adjustment method is used to value all securities.

E. N/A.

F. N/A.

G. N/A.

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A.

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, 2007 and 2006 was \$5,295 and \$2,120, respectively.

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

A., B., C. During 2007, the Company used currency forward contracts to hedge the currency risk inherent in certain bond investments denominated in foreign currencies. The forward contracts are expected to remain open for as long as non-dollar securities are held, and any gain or loss on the forward contract will be recorded as a realized gain or loss when the underlying security is sold and the forward contract is closed. Unrealized gains or losses on open positions should be included in surplus. At December 31, 2007 and 2006 open forward contracts had unrealized losses of \$224,335 and \$295,442, respectively. Realized (losses) gains on forward contracts as of December 31, 2007 and 2006 were (\$357,814) and \$211,111, respectively.

A currency forward is an agreement to buy or sell a foreign currency, in return for U.S dollars, at an exchange rate agreed upon today, to settle on a specified future date. All of the Company's forward contracts are traded over the counter, which exposes the Company to counterparty risk to the extent there are unrealized gains on open positions. To minimize counterparty risk, the Company evaluates all counterparties based on credit ratings and maintains master agreements with netting provisions. The Company satisfied the initial margin requirements with cash. There were no maintenance margin requirements in 2007 or 2006.

The Company has, in the past, used derivative instruments, primarily U.S. Treasury options and futures contracts, to reduce the risk associated with the Company's interest sensitive assets and liabilities by means of decreasing the difference between the effective duration of these assets and liabilities. The Company has also used purchased and covered written options and U.S. Treasury futures contracts to reduce the risk associated with changes in interest rates prior to anticipated bond purchases. Gains and losses realized on these derivative instruments were deferred and are being amortized as an adjustment to investment income over the remaining term of the underlying hedged assets. In 2007 and 2006, the amortization recognized on these derivative instruments was a loss of \$0 and \$3,627,429, respectively.

An option is an agreement that gives the buyer the right to buy (call option) or sell (put option) a financial instrument at a specified price within a specified time period. The buyer of an option pays a premium to the seller on the settlement date. This premium is the buyer's only cash requirement and represents the maximum amount at risk. The seller (or writer) of an option receives a premium from the buyer on the settlement date. The seller settles changes in the market value daily in cash. The Company is exposed to counterparty risk with respect to any over-the-counter options and minimizes this risk by requiring collateral from counterparties in an amount equal to any unrealized gains. Unrealized gains or losses on open positions should be included in surplus. At December 31, 2007 and 2006 there were no open positions for option contracts. Realized losses on option contracts as of December 31, 2007 and 2006, were \$3,501 and \$4,736, respectively.

For credit risk management, the Company utilizes credit default swaps. A credit default swap is a bilateral OTC agreement between two parties, which transfers a defined credit risk from one party to another. The buyer of credit protection pays a periodic fee to an investor, the seller of credit protection, in return for protection against a credit event experienced by a referenced entity. The contract is documented under International Swap and Derivatives Association Inc. (ISDA) swap documentation and the 1999 ISDA Credit Derivative Definitions. Unrealized gains or losses on open positions should be included in surplus. At December 31, 2007 open credit default swap contracts had unrealized losses of \$20,081. At December 31, 2006 there were no open positions for credit default swap contracts. Realized losses on credit default swap contracts as of December 31, 2007 and 2006 were \$0 and \$48,946 respectively.

Futures contracts call for the delayed delivery or receipt of a specific financial instrument or cash on a specified future date at a specified price. All of the Company's futures contracts formerly in place were exchange-traded.

The Company generally met the initial margin requirements by depositing U.S Treasury securities with the broker. Changes in the contract value were settled daily in cash. The credit

NOTES TO FINANCIAL STATEMENTS

exposure of futures contracts was limited due to daily cash settlement of the net change in the value of open contracts.

D. N/A.

E. N/A.

F. N/A.

9. Income Taxes

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

	2007	2006
Total of gross deferred tax assets	\$19,058,878	\$16,179,936
Total of deferred tax liabilities	<u>2,349,091</u>	<u>10,779,096</u>
Net deferred tax asset	16,709,787	5,400,840
Deferred tax asset nonadmitted	<u>\$ 6,297,820</u>	<u>\$ 0</u>
Net admitted deferred tax asset	\$10,411,967	\$ 5,400,840
Increase in nonadmitted asset	\$(6,297,820)	0

B. N/A

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

	2007	2006
Current year expense	\$23,155,974	\$15,548,941
Realized capital gains tax	(456,302)	420,879
Prior year tax reserve over accrual	(170,129)	(762,710)
Current income tax expense	\$22,529,543	\$15,207,110

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2007	2006
DTA's		
Unearned premiums	\$7,165,870	\$7,185,714
Reserves	5,138,291	5,007,155
Net unrealized capital losses	2,442,147	1,020,275
Agents' balances	1,626,119	1,261,444
Renewal Rights	1,108,333	1,197,000
Non-admitted assets	830,482	37,515
Bonds	747,636	470,833
Total DTAs	<u>19,058,878</u>	<u>16,179,936</u>
Nonadmitted DTAs	6,297,820	0
Admitted DTAs	<u>12,761,058</u>	<u>16,179,936</u>
DTL's		
Net unrealized capital gains	1,238,194	2,204,683
Preferred stock	373,032	7,464,067
Other	715,370	719,914
Real estate	22,495	390,432
Total DTL	<u>2,349,091</u>	<u>10,779,096</u>
Net admitted DTA	\$10,411,967	\$5,400,840

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

	Dec 31, 2007	Dec 31, 2006	Change
Total DTAs	\$19,058,878	\$16,179,936	\$2,878,942
Total DTLs	<u>2,349,091</u>	<u>10,779,096</u>	(8,430,005)
Net DTA	<u>16,709,787</u>	<u>5,400,840</u>	11,308,947
Tax effect of unrealized gains			(2,388,361)
Change in net deferred income tax			8,920,586

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	\$26,760,180	35.0%
Tax-exempt interest	(11,172,113)	(14.7)
Other	<u>(1,979,110)</u>	<u>(2.6)</u>
Total	\$13,608,957	17.7%
Federal income taxes incurred	\$22,985,845	30.2%

NOTES TO FINANCIAL STATEMENTS

Realized capital gains tax	(456,302)	(0.6%)
Change in net deferred income taxes	<u>(8,920,586)</u>	<u>(11.7%)</u>
Total statutory income taxes	\$13,608,957	17.9%

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.	2007	\$21,009,308
b.	2006	\$14,898,211

F. The Company's federal income tax return is consolidated with its ultimate parent, Delphi Financial Group, Inc.

The method of allocation between the companies is subject to written agreement. Allocation is based upon separate return calculations. Intercompany tax balances are settled within fifteen days after the date of filing the consolidated tax return.

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B., C. All outstanding common shares of Safety National Casualty Corporation are owned by SIG Holdings, Inc. (SIG), an insurance holding company domiciled in the State of Delaware. SIG is a wholly-owned subsidiary of Delphi Financial Group, Inc. (NYSE:DFG).

All outstanding preferred shares of Safety National Casualty Corporation are owned by Delphi Financial Group, Inc. (NYSE: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 to DFG as follows:

July 2007	\$1,000,000.
January 2007	\$1,000,000
July 2006	\$1,000,000.

The Company acquired an interest in three affiliated entities during 2003. At December 31, 2007 and 2006 the total investment amounts to \$57,615,911 and \$44,389,386, respectively.

The Company acquired preferred stock of an affiliate during 2004. At December 31, 2007 and 2006 the total investment amounts to \$5,000,000.

In July 2007, the \$10,000,000 note held with the Company's ultimate parent, Delphi Financial Group, Inc. matured.

D. N/A.

E. In conjunction with a credit agreement between the Company's ultimate parent, DFG, and various financial institutions, DFG has provided guarantees to certain creditors. The guarantees are as follows: (1) The Risk-Based Capital Ratio of the Company will not fall below 110% (measured as of the end of each fiscal year for the fiscal year then ended); (2) The Pro Forma Risk-Based Capital Ratio of the Company (calculated as if the Company's excess workers' compensation premiums were reported under the workers' compensation line of business) will not fall below 200% (measured as of the end of each fiscal year for the fiscal year then ended).

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

F. N/A.

G. N/A.

H. N/A.

I. N/A.

J. N/A.

NOTES TO FINANCIAL STATEMENTS

K. N/A.

L. N/A.

11. Debt

A. N/A.

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

A. N/A.

B. The Company's employees who have attained the age of twenty and one-half and have completed six full months of service are covered by a qualified defined contribution pension plan sponsored by the Company. Contributions are made annually at a specified percent of each employee's salary. The pension expense for 2007 and 2006 was \$621,000 and \$573,000, respectively. At December 31, 2007 and 2006 the fair value of plan assets was \$17,645,168 and \$16,258,562, respectively.

The Company's employees who have attained the age of twenty and one-half and have completed three months of service are covered by a 401(K) savings plan sponsored by the Company. Employees may contribute up to the lesser of \$45,000 or 100% of compensation and the Company will match the employee's contribution dollar for dollar up to one and one-half percent of the salary. The employer's contribution for 2007 and 2006 was \$206,000 and \$165,000, respectively. At December 31, 2007 and 2006 the fair value of plan assets was \$13,259,056 and \$11,487,778, respectively.

C. N/A.

D. N/A.

E. 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. 2008 dividends are limited to \$53,928,114.

(4) 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.

(5) N/A.

(6) N/A.

(7) N/A.

(8) N/A.

(9) Unrealized gains of \$12,715,868.

(10) N/A.

(11) N/A.

(12) N/A.

(13) The Company paid ordinary preferred stock dividends to DFG as follows:

July 2007 \$1,000,000.
January 2007 \$1,000,000
July 2006 \$1,000,000.

14. Contingencies

N/A.

NOTES TO FINANCIAL STATEMENTS

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 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's risk is if the issuing bank does not honor the letter of credit. The company has never been unsuccessful in drawing down on the collateral posted.

Derivative instruments have off-balance sheet risk. The notional value, market value exposure, counterparty and other trade terms are available in Schedule DB for each individual derivative contract. For discussion on credit risk, market risk, cash requirements and accounting policy see Footnote #8.
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. Other Items
A. N/A.
B. N/A.
C. (1) The Company's core line of business is excess workers' compensation for self-insureds (XWC). The benefits paid to policyholders on these policies are workers' compensation benefits. The Company's domiciliary Department of Insurance requires the Company to record XWC reserves in Part H (other liability) of Schedule P rather than in Part D (workers' compensation), as they are reported in some other states. If the XWC reserves were classified as workers' compensation, the Company's authorized control level risk-based capital would be \$70,072,000 instead of the \$138,099,310 reported on page 18, line 29, column 1. The ratio of total adjusted capital to authorized control level risk-based capital would be 661%.

(2) SNCC experienced losses in 2006 in its discontinued property catastrophe reinsurance line of business, primarily due to continued development on claims from Hurricanes Katrina and Wilma. Excluding the impact from such discontinued operations, SNCC's results from continuing operations in 2006 are as follows: underwriting gain \$1,751,000; operating income \$63,507,000; net income \$45,193,000; combined ratio 98.5%. As disclosed in Note 4, net impact from discontinued operations is \$0 as of December 31, 2007.

D. At December 31, 2007 and 2006 the Company had admitted assets of \$46,696,419 and \$42,675,062, respectively, in accounts receivable for amounts due from agents. The Company routinely assesses the collectibility 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.
F. N/A.
G. N/A.
H. N/A.
I. 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%. As of December 31, 2007, the Company owned subprime Residential Mortgage Backed Securities with a cost, Book

NOTES TO FINANCIAL STATEMENTS

Adjusted carrying value and fair value of \$8,066,260, \$8,079,452 and \$6,598,637, respectively. During 2007, the Company has not recognized any other-than-temporary impairments on its subprime investments.

21. Events Subsequent

N/A.

22. Reinsurance

A. Unsecured Reinsurance Recoverables

Federal ID No.	Employers	Aggregate Unsecured Recoverable
41-0451140	Reliastar Life Insurance Co.	\$27,943,000

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	\$ 560,165	\$ 0	\$ 0	\$ 0	\$ 560,165	\$ 0
Other	9,762,988	703,312	7,937,684	704,974	1,825,304	(1,662)
Total	\$10,323,153	\$703,312	\$7,937,684	\$ 704,974	\$2,385,469	\$(1,662)

Direct Unearned Premium Reserve \$99,984,106.

(2) None.

D. 1. The Company has written off in the current year reinsurance balances due in the amount of \$4,000,000 which is reflected as:

A. Losses incurred	\$3,000,000
B. Loss adjustment expenses incurred	\$1,000,000
C. Premiums earned	\$0
D. Other	\$0
E. Company	Amount
Companies written off in prior years	\$4,000,000

E. The Company commuted one reinsurance treaty with Preferred Insurance Company, Ltd. and one reinsurance treaty with Federal Insurance Company. The Company recorded no material income statement impact from either transaction as the consideration received approximated the reserves assumed.

F. N/A.

G. N/A.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.

B. The Company records accrued retrospective premiums through written premium.

C. See Schedule P, Part 7A.

D. N/A.

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased by \$35,000,000 primarily as a result of the accretion of discount and unfavorable claims development. No additional premiums have been accrued as a result of the increases to prior year loss and loss adjustment expense reserves.

25. Intercompany Pooling Arrangements

N/A.

NOTES TO FINANCIAL STATEMENTS

26. Structured Settlements

A. At December 31, 2007 and 2006 loss reserves eliminated by annuities were \$3,205,831 and \$3,127,538, respectively.

B. N/A.

27. Health Care Receivables

N/A.

28. Participating Policies

N/A.

29. Premium Deficiency Reserves

As of December 31, 2007 and 2006 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.

30. High Deductibles

As of December 31, 2007 and 2006 the amount of reserve credit recorded for high deductibles on unpaid claims was \$0 and the amount billed and recoverable on paid claims was \$0.

31. 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, 2007 and December 31, 2006 liabilities include \$680,097,124 and \$594,063,588 of such discounted reserves, respectively. The amount of tabular discount for case and IBNR reserves at December 31, 2007 is as follows:

	Case	IBNR
Excess Workers' Compensation	\$83,802,544	\$173,943,826
Workers' Compensation	\$ 2,064,681	\$ 9,253,386

B. N/A.

C. N/A.

32. 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

	2003	2004	2005	2006	2007
Beginning Reserves	\$371,645	\$403,588	\$4,225,395	\$3,721,532	\$7,966,941
Incurred Losses and LAE	205,734	5,741,541	2,017,394	6,186,868	12,713,758
Calendar Year Payments for Losses and LAE	173,791	1,919,734	2,521,257	1,941,459	18,258,192

NOTES TO FINANCIAL STATEMENTS

Ending Reserves	\$403,588	\$4,225,395	\$3,721,532	\$7,966,941	\$2,422,507
Net of Reinsurance					
	2003	2004	2005	2006	2007
Beginning Reserves	\$81,059	\$291,504	\$1,179,697	\$591,287	\$1,638,251
Incurred Losses and LAE	489,107	2,027,874	609,453	793,618	2,183,668
Calendar Year Payments for Losses and LAE	278,662	1,139,681	1,197,863	(253,346)	3,299,107
Ending Reserves	\$291,504	\$1,179,697	\$591,287	\$1,638,251	\$522,812

- 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

	2003	2004	2005	2006	2007
Beginning Reserves	\$3,258,383	\$5,788,247	\$5,038,412	\$3,368,758	\$2,532,176
Incurred Losses and LAE	4,043,753	6,731,861	2,732,593	2,906,313	225,024
Calendar Year Payments for Losses and LAE	1,513,889	7,481,696	4,402,247	3,742,895	641,251
Ending Reserves	\$5,788,247	5,038,412	\$3,368,758	\$2,532,176	\$2,115,949

Net of Reinsurance

	2003	2004	2005	2006	2007
Beginning Reserves	\$1,269,171	\$1,866,673	\$1,834,003	\$255,547	\$581,125
Incurred Losses and LAE	1,078,022	2,690,430	856,787	(234,033)	276,537
Calendar Year Payments for Losses and LAE	480,520	2,723,100	2,435,243	(559,611)	(167,602)
Ending Reserves	\$1,866,673	\$1,834,003	\$ 255,547	\$581,125	\$1,025,264

- 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.

NOTES TO FINANCIAL STATEMENTS

33. Subscriber Savings Accounts

N/A.

34. Multiple Peril Crop Insurance

N/A.

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	500,810	0.030	500,810	0.030
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	18,231,371	1.077	18,231,371	1.078
1.22 Issued by U.S. government sponsored agencies	15,000,000	0.886	15,000,000	0.887
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	113,925,653	6.729	113,925,653	6.739
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	251,030,632	14.827	251,030,632	14.848
1.43 Revenue and assessment obligations	486,098,866	28.712	486,098,866	28.752
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	2,213,541	0.131	2,213,541	0.131
1.512 Issued or guaranteed by FNMA and FHLMC	390,107	0.023	390,107	0.023
1.513 All other	16,179,302	0.956	16,179,302	0.957
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	63,458,581	3.748	63,458,581	3.754
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	66,950,456	3.955	66,950,456	3.960
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	199,526,302	11.785	199,526,302	11.802
2.2 Unaffiliated foreign securities	12,162,439	0.718	12,162,439	0.719
2.3 Affiliated securities	18,466,708	1.091	18,466,708	1.092
3. Equity interests:				
3.1 Investments in mutual funds	102,827,225	6.074	102,827,225	6.082
3.2 Preferred stocks:				
3.21 Affiliated	24,778,103	1.464	24,778,103	1.466
3.22 Unaffiliated	12,527,000	0.740	12,527,000	0.741
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	1,924,700	0.114	1,924,700	0.114
3.4 Other equity securities:				
3.41 Affiliated	13,258,953	0.783	13,258,953	0.784
3.42 Unaffiliated	6,639,450	0.392	6,639,450	0.393
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	31,998,766	1.890	30,461,641	1.802
4.6 Mezzanine real estate loans	2,408,190	0.142	1,577,804	0.093
5. Real estate investments:				
5.1 Property occupied by company	10,834,430	0.640	10,834,430	0.641
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)	4,004,209	0.237	4,004,209	0.237
6. Contract loans	0	0.000	0	0.000
7. Receivables for securities	14,577,750	0.861	14,577,750	0.862
8. Cash, cash equivalents and short-term investments	24,501,168	1.447	24,501,168	1.449
9. Other invested assets	178,597,812	10.549	178,597,812	10.564
10. Total invested assets	1,693,012,524	100.000	1,690,645,013	100.000

FIVE-YEAR HISTORICAL DATA

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

	1 2007	2 2006	3 2005	4 2004	5 2003
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	21,449,392	28,413,182	34,923,179	30,184,115	30,825,251
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	140,710	134,574	126,811	167,745	186,892
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	284,191,658	279,082,083	230,504,812	206,383,662	170,527,607
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)	25,852,608	33,764,794	31,489,105	19,534,308	9,259,320
6. Total (Line 34)	331,634,368	341,394,633	297,043,907	256,269,830	210,799,070
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	18,127,744	24,772,421	28,753,312	25,816,151	25,178,885
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	140,710	134,574	126,811	167,745	186,892
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	259,757,147	252,455,888	211,476,580	188,525,378	157,310,821
11. Nonproportional reinsurance lines (Line 30, 31 and 32)	25,852,608	33,664,794	31,339,105	18,684,308	9,120,529
12. Total (Line 34)	303,878,209	311,027,677	271,695,808	233,193,582	191,797,127
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(1,750,435)	(3,200,687)	(36,525,233)	(5,350,555)	(1,391,093)
14. Net investment gain (loss) (Line 11)	78,850,784	60,334,578	59,783,319	55,393,679	39,708,210
15. Total other income (Line 15)	(186,390)	(9,331)	(3,488,126)	(243,950)	(22,675)
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	22,985,845	14,786,231	3,049,603	15,704,722	8,388,959
18. Net income (Line 20)	53,928,114	42,338,329	16,720,357	34,094,452	29,905,483
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Column 3)	1,778,544,979	1,522,910,476	1,319,072,540	1,095,482,630	956,924,071
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 13.1)	18,950,381	18,153,839	19,678,043	12,158,053	10,113,212
20.2 Deferred and not yet due (Line 13.2)	27,746,038	24,521,223	20,846,381	16,780,154	8,954,905
20.3 Accrued retrospective premiums (Line 13.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	1,315,593,485	1,106,884,224	959,954,319	809,308,924	704,753,929
22. Losses (Page 3, Line 1)	1,041,452,991	911,622,858	780,465,876	655,662,524	575,649,685
23. Loss adjustment expenses (Page 3, Line 3)	29,894,118	26,049,302	23,721,042	18,964,666	15,216,815
24. Unearned premiums (Page 3, Line 9)	102,369,575	102,653,059	92,704,919	81,057,035	60,298,606
25. Capital paid up (Page 3, Line 28 and Line 29)	30,000,000	30,000,000	30,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	462,951,494	416,026,252	359,118,221	286,173,706	252,170,142
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	189,910,876	197,452,494	133,194,030	112,845,121	89,162,486
Risk-Based Capital Analysis					
28. Total adjusted capital	462,951,494	416,026,252	359,118,221	286,173,706	252,170,142
29. Authorized control level risk-based capital	138,099,310	132,855,140	108,101,376	93,188,708	67,589,356
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 10, Column 3) x 100.0					
30. Bonds (Line 1)	74.8	77.8	81.9	87.6	80.6
31. Stocks (Line 2.1 and Line 2.2)	5.2	5.1	5.4	3.7	9.4
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)	1.9	1.5	1.8	0.3	0.0
33. Real estate (Lines 4.1, 4.2 and 4.3)	0.9	0.6	0.7	0.6	0.6
34. Cash, cash equivalents and short-term investments (Line 5)	5.8	9.0	4.5	4.1	5.9
35. Contact loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7)	10.6	5.7	4.3	1.9	1.9
37. Receivables for securities (Line 8)	0.9	0.3	0.7	0.7	0.1
38. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.5	1.0	1.5
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds (Schedule D, Summary, Line 25, Column 1)	18,466,708	28,466,708	28,466,708	28,466,708	28,466,708
41. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)	5,000,000	5,000,000	5,000,000	5,000,000	0
42. Affiliated common stocks (Schedule D, Summary, Line 53, Column 1)	13,258,953	12,636,308	12,589,983	12,472,717	11,897,329
43. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 7)	0	0	0	0	0
44. Affiliated mortgage loans on real estate	0	0	0	0	0
45. All other affiliated	57,615,911	44,389,386	24,770,067	13,931,578	12,947,895
46. Total of above Line 40 through Line 45	94,341,572	90,492,402	70,826,758	59,871,003	53,311,932
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Column 1, Line 35 x 100.0)	20.4	21.8	19.7	16.1	16.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2007	2 2006	3 2005	4 2004	5 2003
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24).....	(4,341,132)	11,664,596	2,736,898	4,522,739	5,683,624
49. Dividends to stockholders (Line 35).....	(2,000,000)	(1,000,000)	0	0	0
50. Change in surplus as regards policyholders for the year (Line 38).....	46,925,242	56,908,031	72,944,515	34,003,564	39,463,819
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4).....	6,845,804	10,112,115	11,973,838	17,619,512	24,336,980
52. Property lines (Lines 1, 2, 9, 12, 21 and 26).....	0	0	4,343	(448,388)	8,822
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27).....	14,461,350	4,455,987	10,784,976	10,495,050	5,035,721
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33).....	64,130,661	61,178,615	64,408,553	51,266,573	41,976,920
55. Nonproportional reinsurance lines (Lines 30, 31, and 32).....	16,960,161	29,288,659	22,598,330	9,105,933	13,241,831
56. Total (Line 34).....	102,397,976	105,035,376	109,770,040	88,038,680	84,600,274
Net Losses Paid (Page 9, Part 2, Column 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4).....	3,708,279	4,036,536	4,956,565	4,219,381	4,753,790
58. Property lines (Lines 1, 2, 9, 12, 21 and 26).....	0	0	0	(370)	0
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27).....	9,242,005	2,111,485	6,290,600	5,717,282	1,347,198
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33).....	58,136,287	56,185,571	58,716,112	47,711,509	38,139,108
61. Nonproportional reinsurance lines (Lines 30, 31, and 32).....	16,960,161	29,093,936	22,306,815	9,079,753	12,889,995
62. Total (Line 34).....	88,046,732	91,427,528	92,270,092	66,727,555	57,130,091
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2).....	71.5	73.9	83.5	69.1	62.1
65. Loss expenses incurred (Line 3).....	3.2	2.5	3.6	4.2	4.4
66. Other underwriting expenses incurred (Line 4).....	25.9	24.6	27.0	29.2	34.3
67. Net underwriting gain (loss) (Line 8).....	(0.6)	(1.1)	(14.0)	(2.5)	(0.8)
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0).....	26.0	23.8	27.1	26.7	30.6
69. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0).....	74.7	76.5	87.0	73.3	66.6
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0).....	65.6	74.8	75.7	81.5	76.1
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11).....	25,262	62,691	55,317	23,634	(1,180)
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Column 1 x 100.0).....	6.1	17.5	19.3	9.4	(0.6)
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12).....	112,423	154,055	94,185	34,289	(2,931)
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Column 2 x 100.0).....	31.3	53.8	37.3	16.1	(1.5)

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	41,457	6,585	5,438	2,817	197	0	0	37,690	XXX
2. 1998	90,117	10,999	79,118	56,765	9,031	1,447	580	1,802	11	0	50,392	XXX
3. 1999	105,845	26,397	79,448	70,604	29,353	3,870	3,601	1,887	(243)	0	43,650	XXX
4. 2000	128,132	45,717	82,415	89,332	43,231	7,246	5,634	3,220	1,105	0	49,828	XXX
5. 2001	161,045	60,272	100,773	85,370	45,685	10,513	7,960	4,270	246	0	46,262	XXX
6. 2002	188,348	35,989	152,359	56,013	17,759	3,348	2,685	3,825	0	0	42,742	XXX
7. 2003	188,454	17,204	171,250	19,619	4,437	735	648	2,601	0	0	17,870	XXX
8. 2004	233,779	21,344	212,435	24,879	1,180	202	172	3,299	0	0	27,028	XXX
9. 2005	284,610	24,562	260,048	48,591	1,673	248	154	2,712	0	0	49,724	XXX
10. 2006	331,065	29,986	301,079	10,331	250	28	0	2,441	0	0	12,550	XXX
11. 2007	332,859	28,690	304,169	1,280	327	18	0	1,599	0	0	2,570	XXX
12. Totals	XXX	XXX	XXX	504,241	159,511	33,093	24,251	27,853	1,119	0	380,306	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.	170,653	9,372	98,044	3,483	1,158	413	7,817	0	5,300	0	0	269,704	XXX
2.	9,203	4,456	17,455	2,076	128	12	421	11	25	0	0	20,677	XXX
3.	21,401	8,305	21,149	3,753	60	14	539	89	28	0	0	31,016	XXX
4.	27,983	10,090	30,078	5,577	474	108	1,099	437	35	0	0	43,457	XXX
5.	35,113	9,104	42,247	7,988	936	260	1,734	977	42	0	0	61,743	XXX
6.	36,210	8,735	43,523	4,964	348	112	985	285	57	0	0	67,027	XXX
7.	23,525	1,916	61,442	3,522	46	24	1,027	137	70	0	0	80,511	XXX
8.	22,242	1,202	70,260	4,328	28	7	1,093	33	86	0	0	88,139	XXX
9.	15,228	397	77,996	5,013	115	51	1,296	51	153	0	0	89,276	XXX
10.	23,497	388	112,099	7,028	2	2	1,171	1	1,120	0	0	130,470	XXX
11.	7,010	1,091	184,272	6,389	102	26	2,704	0	2,745	0	0	189,327	XXX
12.	392,065	55,056	758,565	54,121	3,397	1,029	19,886	2,021	9,661	0	0	1,071,347	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter - Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	255,842	13,862
2.	87,246	16,177	71,069	96.8	147.1	89.8	0	0	0.0	20,126	551
3.	119,538	44,872	74,666	112.9	170.0	94.0	0	0	0.0	30,492	524
4.	159,467	66,182	93,285	124.5	144.8	113.2	0	0	0.0	42,394	1,063
5.	180,225	72,220	108,005	111.9	119.8	107.2	0	0	0.0	60,268	1,475
6.	144,309	34,540	109,769	76.6	96.0	72.0	0	0	0.0	66,034	993
7.	109,065	10,684	98,381	57.9	62.1	57.4	0	0	0.0	79,529	982
8.	122,089	6,922	115,167	52.2	32.4	54.2	0	0	0.0	86,972	1,167
9.	146,339	7,339	139,000	51.4	29.9	53.5	0	0	0.0	87,814	1,462
10.	150,689	7,669	143,020	45.5	25.6	47.5	0	0	0.0	128,180	2,290
11.	199,730	7,833	191,897	60.0	27.3	63.1	0	0	0.0	183,802	5,525
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,041,453	29,894

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	11 One Year	12 Two Year	
1. Prior	486,868	477,198	471,984	470,613	462,316	463,417	501,256	549,537	605,091	631,446	26,355	81,909	
2. 1998	68,084	66,291	64,968	63,169	66,317	67,911	68,479	70,290	72,284	76,240	3,956	5,950	
3. 1999	X X X	68,627	64,683	63,985	66,478	69,099	74,016	78,671	80,665	80,140	(525)	1,469	
4. 2000	X X X	X X X	62,387	65,920	68,642	67,202	78,817	90,010	97,209	102,423	5,214	12,413	
5. 2001	X X X	X X X	X X X	106,778	105,595	99,905	88,127	97,927	109,117	120,294	11,177	22,367	
6. 2002	X X X	X X X	X X X	X X X	111,983	112,617	104,926	104,759	116,653	122,818	6,165	18,059	
7. 2003	X X X	X X X	X X X	X X X	X X X	123,945	112,109	107,087	117,745	117,380	(365)	10,293	
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	152,626	137,391	135,646	134,495	(1,151)	(2,896)	
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	195,049	159,002	157,908	(1,094)	(37,141)	
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	194,275	169,805	(24,470)	X X X	
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	231,858	X X X	X X X	
											12. Totals	25,262	112,423

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	0 0 0	28,850	57,217	86,595	125,845	156,947	192,381	231,513	260,486	297,978	X X X	X X X
2. 1998	3,757	15,442	20,558	24,275	30,293	34,091	38,513	42,201	46,332	48,600	X X X	X X X
3. 1999	X X X	4,352	11,249	15,732	20,979	25,690	30,906	36,384	38,907	41,520	X X X	X X X
4. 2000	X X X	X X X	2,860	9,500	15,051	20,515	26,828	34,317	41,270	47,713	X X X	X X X
5. 2001	X X X	X X X	X X X	2,156	7,707	12,845	18,686	25,116	34,011	42,237	X X X	X X X
6. 2002	X X X	X X X	X X X	X X X	6,774	13,317	17,503	24,115	32,344	38,917	X X X	X X X
7. 2003	X X X	X X X	X X X	X X X	X X X	2,740	5,436	7,576	10,488	15,268	X X X	X X X
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	4,316	15,181	20,047	23,728	X X X	X X X
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	11,908	36,442	47,012	X X X	X X X
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,892	10,110	X X X	X X X
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	970	X X X	X X X

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007
1. Prior	275,211	231,563	196,061	155,804	116,274	89,892	86,758	100,329	134,451	127,129
2. 1998	37,681	34,573	33,961	27,782	23,704	21,558	21,088	18,945	18,062	19,985
3. 1999	X X X	38,759	35,240	31,131	29,470	26,177	26,787	26,562	25,615	22,539
4. 2000	X X X	X X X	43,247	38,119	37,195	28,610	30,607	33,285	33,604	31,731
5. 2001	X X X	X X X	X X X	86,642	77,595	67,576	45,197	43,513	44,857	44,153
6. 2002	X X X	X X X	X X X	X X X	79,452	74,892	63,403	53,191	55,580	49,677
7. 2003	X X X	X X X	X X X	X X X	X X X	107,436	89,000	78,523	81,356	74,452
8. 2004	X X X	X X X	X X X	X X X	X X X	X X X	132,094	102,766	96,219	84,631
9. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	160,555	104,979	93,705
10. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	165,941	133,405
11. 2007	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	224,099

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. 1998	0	0	0	0	0	0	0	0	0	0	0	0
3. 1999	73	73	0	436	436	18	18	16	16	0	0	18
4. 2000	384	384	0	131	131	11	11	12	12	0	0	27
5. 2001	74	74	0	65	65	3	3	7	7	0	0	9
6. 2002	0	0	0	0	0	0	0	0	0	0	0	0
7. 2003	0	0	0	0	0	0	0	0	0	0	0	0
8. 2004	0	0	0	0	0	0	0	0	0	0	0	0
9. 2005	0	0	0	0	0	0	0	0	0	0	0	0
10. 2006	0	0	0	0	0	0	0	0	0	0	0	0
11. 2007	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	632	632	32	32	35	35	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.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
3.	470	470	0	643.8	643.8	0.0	0	0	0.0	0	0
4.	154	154	0	40.1	40.1	0.0	0	0	0.0	0	0
5.	75	75	0	101.4	101.4	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	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX
2. 1998	162	162	0	1,353	1,353	204	204	17	17	0	0	243
3. 1999	11,458	11,458	0	15,701	15,697	2,714	2,712	(167)	(210)	0	49	4,286
4. 2000	12,052	12,042	10	13,637	13,611	1,937	1,936	1,160	1,121	0	66	4,502
5. 2001	2,842	2,774	68	3,184	3,033	542	578	282	241	0	156	1,195
6. 2002	129	23	106	205	0	21	0	34	0	0	260	21
7. 2003	292	0	292	1	0	0	(52)	15	0	0	68	0
8. 2004	21	0	21	0	0	0	0	116	0	0	116	0
9. 2005	5	0	5	0	0	0	7	31	0	0	24	0
10. 2006	(2)	0	(2)	0	0	0	0	0	0	0	0	0
11. 2007	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	34,081	33,694	5,418	5,385	1,488	1,169	0	739	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.	166	158	43	43	2	2	8	8	0	0	0	8	1
4.	(219)	(211)	0	0	(45)	(45)	2	0	0	0	0	(6)	0
5.	205	205	43	43	28	28	8	8	0	0	0	0	0
6.	1	0	6	0	0	0	0	0	0	0	0	7	1
7.	3	0	14	0	0	0	0	0	0	0	0	17	0
8.	0	0	2	0	0	0	0	0	0	0	0	2	0
9.	0	0	1	0	0	0	0	0	0	0	0	1	0
10.	0	0	0	0	0	0	0	0	0	0	0	0	0
11.	0	0	34	0	0	0	0	0	0	0	0	34	0
12.	156	152	143	86	(15)	(15)	18	16	0	0	0	63	2

	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.	1,574	1,574	0	971.6	971.6	0.0	0	0	0.0	0	0
3.	18,467	18,410	57	161.2	160.7	0.0	0	0	0.0	8	0
4.	16,472	16,412	60	136.7	136.3	600.0	0	0	0.0	(8)	2
5.	4,292	4,136	156	151.0	149.1	229.4	0	0	0.0	0	0
6.	267	0	267	207.0	0.0	251.9	0	0	0.0	7	0
7.	33	(52)	85	11.3	0.0	29.1	0	0	0.0	17	0
8.	118	0	118	561.9	0.0	561.9	0	0	0.0	2	0
9.	32	7	25	640.0	0.0	500.0	0	0	0.0	1	0
10.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
11.	34	0	34	0.0	0.0	0.0	0	0	0.0	34	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	61	2

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	XXX	XXX	XXX	3	0	0	0	0	0	0	3	XXX
2. 1998	8,370	5,058	3,312	6,705	5,827	656	348	1,594	0	0	2,780	1,590
3. 1999	14,091	9,371	4,720	10,345	8,806	1,095	894	1,818	0	0	3,558	2,423
4. 2000	32,091	23,730	8,361	30,474	23,309	5,065	3,619	1,840	0	0	10,451	6,180
5. 2001	65,881	45,440	20,441	46,337	35,887	9,845	7,376	3,625	0	0	16,544	9,194
6. 2002	45,695	23,191	22,504	18,738	15,395	3,273	2,685	2,823	0	0	6,754	4,738
7. 2003	30,348	6,204	24,144	5,557	3,875	702	700	2,380	0	0	4,064	682
8. 2004	27,120	3,380	23,740	2,500	1,033	184	172	2,842	0	0	4,321	557
9. 2005	33,844	5,522	28,322	2,511	1,173	182	147	2,555	0	0	3,928	502
10. 2006	30,469	4,142	26,327	595	0	22	0	2,117	0	0	2,734	165
11. 2007	24,250	3,822	20,428	134	0	4	0	1,512	0	0	1,650	109
12. Totals	XXX	XXX	XXX	123,899	95,305	21,028	15,941	23,106	0	0	56,787	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.	30	0	57	0	0	0	0	0	0	0	87	0	
2.	781	170	151	7	22	31	11	0	0	0	795	7	
3.	800	362	868	560	40	10	121	81	3	0	819	14	
4.	3,680	1,942	3,874	3,114	495	149	667	437	10	0	3,084	76	
5.	5,770	2,663	7,598	5,659	850	232	1,276	969	17	0	5,988	157	
6.	2,249	785	5,441	2,373	348	112	515	285	32	0	5,030	70	
7.	643	169	4,828	904	44	24	527	137	45	0	4,853	11	
8.	362	27	6,796	1,446	18	7	573	33	61	0	6,297	3	
9.	1,532	397	7,995	1,472	90	51	746	51	78	0	8,470	9	
10.	422	10	8,039	1,667	2	2	591	1	70	0	7,444	8	
11.	523	306	9,413	1,066	46	26	732	0	1,095	0	10,411	30	
12.	16,792	6,831	55,060	18,268	1,955	615	5,779	2,005	1,411	0	53,278	385	

	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	87	0
2.	9,940	6,365	3,575	118.8	125.8	107.9	0	0	0.0	755	40
3.	15,090	10,713	4,377	107.1	114.3	92.7	0	0	0.0	746	73
4.	46,105	32,570	13,535	143.7	137.3	161.9	0	0	0.0	2,498	586
5.	75,318	52,786	22,532	114.3	116.2	110.2	0	0	0.0	5,046	942
6.	33,419	21,635	11,784	73.1	93.3	52.4	0	0	0.0	4,532	498
7.	14,726	5,809	8,917	48.5	93.6	36.9	0	0	0.0	4,398	455
8.	13,336	2,718	10,618	49.2	80.4	44.7	0	0	0.0	5,685	612
9.	15,689	3,291	12,398	46.4	59.6	43.8	0	0	0.0	7,658	812
10.	11,858	1,680	10,178	38.9	40.6	38.7	0	0	0.0	6,784	660
11.	13,459	1,398	12,061	55.5	36.6	59.0	0	0	0.0	8,564	1,847
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	46,753	6,525

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	14,461	5,219	4,592	2,716	0	0	0	11,118	XXX
2. 1998	161	0	161	0	0	0	0	0	0	0	0	0
3. 1999	356	209	147	30	30	5	5	3	3	0	0	23
4. 2000	555	390	165	138	138	10	10	21	21	0	0	78
5. 2001	237	68	169	10	10	2	2	7	7	0	0	28
6. 2002	178	0	178	0	0	0	0	0	0	0	0	0
7. 2003	177	0	177	0	0	0	0	0	0	0	0	0
8. 2004	187	0	187	0	0	0	0	0	0	0	0	0
9. 2005	127	0	127	0	0	0	0	0	0	0	0	0
10. 2006	130	0	130	0	0	0	0	0	0	0	0	0
11. 2007	140	0	140	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	14,639	5,397	4,609	2,733	31	31	0	11,118	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.	2,874	958	5,894	1,718	877	401	4,177	0	100	0	0	10,845	13
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	10	0	0	0	0	0	0	0	0	10	0
12.	2,874	958	5,994	1,718	877	401	4,177	0	100	0	0	10,945	13

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	6,092	4,753
2.	10	0	10	6.2	0.0	6.2	0	0	0.0	10	0
3.	48	38	10	13.5	18.2	6.8	0	0	0.0	10	0
4.	179	169	10	32.3	43.3	6.1	0	0	0.0	10	0
5.	29	19	10	12.2	27.9	5.9	0	0	0.0	10	0
6.	10	0	10	5.6	0.0	5.6	0	0	0.0	10	0
7.	10	0	10	5.6	0.0	5.6	0	0	0.0	10	0
8.	10	0	10	5.3	0.0	5.3	0	0	0.0	10	0
9.	10	0	10	7.9	0.0	7.9	0	0	0.0	10	0
10.	10	0	10	7.7	0.0	7.7	0	0	0.0	10	0
11.	10	0	10	7.1	0.0	7.1	0	0	0.0	10	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	6,192	4,753

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Sch. P, Pt. 1F, Sn. 1, Medical Malpractice, Occurrence
NONE

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Sch. P, Pt. 1F, Sn. 2, Medical Malpractice, Claims Made
NONE

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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	XXX	XXX	XXX	26,945	1,366	846	98	197	0	0	26,524	XXX
2. 1998	51,567	4,693	46,874	17,292	1,851	184	29	119	0	0	15,715	1,220
3. 1999	50,956	5,076	45,880	26,725	3,929	74	4	175	1	0	23,040	1,395
4. 2000	60,862	8,055	52,807	30,541	5,183	163	2	192	1	0	25,710	1,797
5. 2001	77,477	11,263	66,214	29,601	6,655	79	0	172	1	0	23,196	2,274
6. 2002	101,998	12,227	89,771	17,208	2,364	54	0	111	0	0	15,009	2,223
7. 2003	139,165	10,861	128,304	13,714	562	33	0	99	0	0	13,284	2,075
8. 2004	178,960	17,114	161,846	14,160	147	18	0	101	0	0	14,132	1,841
9. 2005	207,862	18,890	188,972	3,614	500	66	0	24	0	0	3,204	1,482
10. 2006	256,660	25,744	230,916	3,585	250	6	0	26	0	0	3,367	1,051
11. 2007	276,408	24,868	251,540	643	327	14	0	2	0	0	332	341
12. Totals	XXX	XXX	XXX	184,028	23,134	1,537	133	1,218	3	0	163,513	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.	166,552	8,414	92,093	1,765	276	12	3,640	0	5,200	0	0	257,570	1,211
2.	13,562	4,286	17,169	2,069	10	10	390	0	25	0	0	24,791	84
3.	17,961	7,790	20,050	3,150	18	2	410	0	25	0	0	27,522	110
4.	23,836	8,363	25,963	2,463	22	2	430	0	25	0	0	39,448	165
5.	29,191	6,236	34,286	2,286	4	0	450	0	25	0	0	55,434	220
6.	30,123	7,950	37,591	2,591	0	0	470	0	25	0	0	57,668	180
7.	22,876	1,747	55,818	2,618	2	0	500	0	25	0	0	74,856	124
8.	19,003	1,175	61,882	2,882	10	0	520	0	25	0	0	77,383	74
9.	7,258	0	68,141	3,541	25	0	550	0	25	0	0	72,458	35
10.	11,628	378	98,461	5,361	0	0	580	0	1,000	0	0	105,930	25
11.	3,589	785	158,323	5,323	56	0	1,972	0	1,600	0	0	159,432	9
12.	345,579	47,124	669,777	34,049	423	26	9,912	0	8,000	0	0	952,492	2,237

	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	248,466	9,104
2.	48,751	8,245	40,506	94.5	175.7	86.4	0	0	0.0	24,376	415
3.	65,438	14,876	50,562	128.4	293.1	110.2	0	0	0.0	27,071	451
4.	81,172	16,014	65,158	133.4	198.8	123.4	0	0	0.0	38,973	475
5.	93,808	15,178	78,630	121.1	134.8	118.8	0	0	0.0	54,955	479
6.	85,582	12,905	72,677	83.9	105.5	81.0	0	0	0.0	57,173	495
7.	93,067	4,927	88,140	66.9	45.4	68.7	0	0	0.0	74,329	527
8.	95,719	4,204	91,515	53.5	24.6	56.5	0	0	0.0	76,828	555
9.	79,703	4,041	75,662	38.3	21.4	40.0	0	0	0.0	71,858	600
10.	115,286	5,989	109,297	44.9	23.3	47.3	0	0	0.0	104,350	1,580
11.	166,199	6,435	159,764	60.1	25.9	63.5	0	0	0.0	155,804	3,628
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	934,183	18,309

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

NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL Yes	2,160,949	2,253,712	0	3,945,234	1,644,981	18,147,541	0	0
2. Alaska	AK Yes	226,056	237,397	0	532,308	865,357	2,107,709	0	0
3. Arizona	AZ Yes	2,775,779	2,682,556	0	111,236	3,682,469	12,148,488	0	0
4. Arkansas	AR Yes	2,479,337	2,543,155	0	99,062	1,039,213	6,732,679	0	0
5. California	CA Yes	31,177,796	31,675,829	0	4,064,004	13,341,017	70,149,611	0	0
6. Colorado	CO Yes	3,074,144	3,445,473	0	916,053	2,398,920	10,458,697	0	0
7. Connecticut	CT Yes	7,713,140	7,702,931	0	789,148	9,985,909	20,673,616	0	0
8. Delaware	DE Yes	682,674	770,293	0	376,158	248,855	3,112,703	0	0
9. Dist. Columbia	DC Yes	609,610	609,133	0	18,200	94,171	1,309,123	0	0
10. Florida	FL Yes	5,701,827	6,764,491	0	7,294,109	12,242,515	68,209,345	0	0
11. Georgia	GA Yes	10,418,379	10,870,297	0	2,389,693	5,583,362	34,985,430	0	0
12. Hawaii	HI Yes	944,839	873,729	0	(646)	416,743	1,130,760	0	0
13. Idaho	ID Yes	762,504	763,123	0	0	215,556	883,263	0	0
14. Illinois	IL Yes	23,668,482	24,296,660	0	11,522,519	18,922,243	134,234,721	0	0
15. Indiana	IN Yes	4,663,225	4,488,758	0	380,505	5,729,288	14,075,910	0	0
16. Iowa	IA Yes	2,933,078	3,171,732	0	130,303	999,150	6,494,373	0	0
17. Kansas	KS Yes	4,626,642	4,903,429	0	364,064	2,565,132	11,984,754	0	0
18. Kentucky	KY Yes	2,577,047	2,589,194	0	1,808,838	1,371,949	17,141,049	0	0
19. Louisiana	LA Yes	9,859,988	9,721,666	0	3,872,495	9,060,018	40,655,454	0	0
20. Maine	ME Yes	2,470,418	2,499,745	0	1,174,906	2,296,501	17,458,337	0	0
21. Maryland	MD Yes	4,983,783	4,937,830	0	1,187,318	5,125,614	14,226,755	0	0
22. Massachusetts	MA Yes	4,582,483	4,572,389	0	2,023,398	3,271,232	27,129,522	0	0
23. Michigan	MI Yes	7,776,176	8,089,348	0	1,462,931	4,947,439	31,584,321	0	0
24. Minnesota	MN Yes	1,345,208	1,314,748	0	35,549	830,221	2,807,884	0	0
25. Mississippi	MS Yes	6,440,293	7,009,153	0	963,433	17,261,849	29,180,125	0	0
26. Missouri	MO Yes	13,423,600	12,928,934	0	3,818,676	3,697,503	45,495,311	0	0
27. Montana	MT Yes	1,131,625	1,273,901	0	339,458	526,748	2,288,929	0	0
28. Nebraska	NE Yes	1,044,231	1,065,694	0	124,585	(35,379)	4,412,712	0	0
29. Nevada	NV Yes	7,004,308	7,083,079	0	535,285	4,810,088	15,784,237	0	0
30. New Hampshire	NH Yes	1,527,678	1,557,289	0	0	361,462	1,941,023	0	0
31. New Jersey	NJ Yes	6,656,412	6,902,295	0	1,543,475	2,903,630	29,372,271	0	0
32. New Mexico	NM Yes	3,306,590	3,017,216	0	248,754	2,123,335	5,300,897	0	0
33. New York	NY Yes	27,626,965	27,185,305	0	2,446,381	21,524,309	71,987,264	0	0
34. North Carolina	NC Yes	6,395,671	6,466,862	0	1,983,989	1,379,487	18,700,446	0	0
35. North Dakota	ND Yes	4,052	4,052	0	0	(3,022)	1,228	0	0
36. Ohio	OH Yes	12,503,608	13,020,890	0	5,397,420	9,274,159	75,287,790	0	0
37. Oklahoma	OK Yes	3,207,011	3,152,029	0	1,324,802	6,016,514	14,467,874	0	0
38. Oregon	OR Yes	1,901,339	2,060,506	0	(70,693)	(698)	4,021,756	0	0
39. Pennsylvania	PA Yes	14,782,759	14,738,229	0	14,508,282	13,908,142	54,057,688	0	0
40. Rhode Island	RI Yes	543,067	658,369	0	0	8,718	749,766	0	0
41. South Carolina	SC Yes	3,123,408	2,976,188	0	146,904	1,782,673	7,386,303	0	0
42. South Dakota	SD Yes	1,111,594	898,727	0	25,232	800,698	3,413,382	0	0
43. Tennessee	TN Yes	5,809,826	5,978,137	0	635,065	2,650,472	17,121,645	0	0
44. Texas	TX Yes	9,945,010	10,544,361	0	1,032,754	9,138,364	44,771,902	0	0
45. Utah	UT Yes	775,440	775,237	0	27,317	29,162	4,319,194	0	0
46. Vermont	VT Yes	673,580	674,737	0	17,712	311,386	1,147,606	0	0
47. Virginia	VA Yes	8,024,303	8,045,630	0	906,840	4,643,080	14,798,357	0	0
48. Washington	WA Yes	10,844,431	11,100,067	0	2,215,124	8,788,913	41,267,363	0	0
49. West Virginia	WV Yes	290,283	280,737	0	174,830	188,872	3,703,341	0	0
50. Wisconsin	WI Yes	2,173,822	2,279,147	0	725,891	1,054,571	6,484,356	0	0
51. Wyoming	WY Yes	2,639	3,510	0	0	204	1,738	0	0
52. American Samoa	AS No	0	0	0	0	0	0	0	0
53. Guam	GU No	0	0	0	0	0	0	0	0
54. Puerto Rico	PR No	0	0	0	0	0	0	0	0
55. U. S. Virgin Islands	VI No	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP No	0	0	0	0	0	0	0	0
57. Canada	CN Yes	3,668,826	3,648,813	0	0	2,174,473	2,192,533	0	0
58. Aggregate other alien	OT XXX	0	0	0	0	(21,223)	34,500	0	0
59. Totals	(a) 51	292,155,935	297,106,712	0	83,568,901	222,176,345	1,087,533,582	0	0
DETAILS OF WRITE-INS									
5801. Bermuda	XXX	0	0	0	0	(21,223)	34,500	0	0
5802.	XXX	0	0	0	0	0	0	0	0
5803.	XXX	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	XXX	0	0	0	0	(21,223)	34,500	0	0

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 yes responses except for Canada and Other Alien.