



ANNUAL STATEMENT
For the Year Ended December 31, 2009
OF THE CONDITION AND AFFAIRS OF THE
ST. PAUL FIRE AND MARINE
INSURANCE COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 24767 Employer's ID Number 41-0406690
(Current Period) (Prior Period)
Organized under the Laws of Minnesota, State of Domicile or Port of Entry Minnesota,
Country of Domicile US

INCORPORATED/ORGANIZED, APRIL 20, 1925 COMMENCED BUSINESS, APRIL 22, 1925

Statutory Home Office: 385 Washington Street, St. Paul, MN 55102
Main Administrative Office: 385 Washington Street, St. Paul, MN 55102 (651) 310-7911
Mail Address: 385 Washington Street, St. Paul, MN 55102
Primary Location of Books and Records: 385 Washington Street, St. Paul, MN 55102 (651) 310-7911
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OFFICERS

Table with 4 columns: Name, Title, Name, Title. Lists 10 officers including Brian William MacLean, Jay Steven Benet, Charles Joseph Clarke, William Herbert Heyman, Alan David Schnitzer, John Joseph Albano, Andy Francis Besette, William Allen Bloom, John Patrick Clifford, Jr., and William Patrick Hannon.

DIRECTORS

JAY STEVEN BENET WILLIAM HERBERT HEYMAN KENNETH FRANKLIN SPENCE, III
ANDY FRANCIS BESSETTE BRIAN WILLIAM MacLEAN # GREGORY CHESHIRE TOCZYDLOWSKI
DOREEN SPADORCIA

STATE OF CONNECTICUT }
COUNTY OF HARTFORD } 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.

Brian W MacLean (Signature)

Wendy C. Skjerven (Signature)

Maria Olivo (Signature)

Brian W. MacLean

Wendy C. Skjerven

Maria Olivo

President

Secretary

Treasurer

Subscribed and sworn to before me this

26th day of January, 2010

Sandra M. Bachman Notary Public
My Commission Expires September 30, 2012



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

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	11,904,130,041	0	11,904,130,041	11,578,281,236
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	6,466,540	0	6,466,540	16,924,541
2.2 Common stocks.....	3,414,257,568	10,042,910	3,404,214,658	3,086,746,042
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	58,541,521	2,060,467	56,481,054	55,920,293
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	90,662,202	0	90,662,202	94,244,599
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	624,733,237	0	624,733,237	643,965,338
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....34,597,707, Sch. E-Part 1), cash equivalents (\$....4,998,197, Sch. E-Part 2) and short-term investments (\$....297,304,665, Sch. DA).....	336,900,569	0	336,900,569	829,126,325
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	665,566,315	9,570,340	655,995,974	585,999,914
8. Receivables for securities.....	45,000	0	45,000	6,959,752
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	17,101,302,993	21,673,717	17,079,629,275	16,898,168,040
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	149,186,664	0	149,186,664	149,121,443
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	304,516,643	47,013,872	257,502,771	246,280,270
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$....(1,153,839) earned but unbilled premiums).....	893,304,652	7,232,602	886,072,050	962,964,354
13.3 Accrued retrospective premiums.....	120,357,927	503,105	119,854,822	79,775,504
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	3,909,997	0	3,909,997	10,428,941
14.2 Funds held by or deposited with reinsured companies.....	23,784,339	0	23,784,339	28,985,054
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.....	19,138,283	0	19,138,283	63,206,232
16.2 Net deferred tax asset.....	628,664,996	247,849,619	380,815,377	246,663,815
17. Guaranty funds receivable or on deposit.....	4,547,279	0	4,547,279	7,362,303
18. Electronic data processing equipment and software.....	314,435	0	314,435	610,729
19. Furniture and equipment, including health care delivery assets (\$.....0).....	19,014,701	19,014,701	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	117,458,272	24,306,046	93,152,226	469,393,078
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	19,385,501,181	367,593,662	19,017,907,519	19,162,959,762
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	19,385,501,181	367,593,662	19,017,907,519	19,162,959,762

### DETAILS OF WRITE-INS

0901.....	0	0	0	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 (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Equities and deposits in pools and associations.....	39,932,430	0	39,932,430	42,598,786
2302. Suspense, undistributed payments.....	12,491,584	0	12,491,584	15,735,445
2303. State surcharges receivable.....	11,162,949	0	11,162,949	25,649,267
2398. Summary of remaining write-ins for Line 23 from overflow page.....	53,871,309	24,306,046	29,565,263	385,409,580
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	117,458,272	24,306,046	93,152,226	469,393,078

## ST. PAUL FIRE AND MARINE INSURANCE COMPANY

### LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	7,668,426,823	7,861,178,116
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	436,224	5,865,426
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	1,833,237,996	1,826,620,788
4. Commissions payable, contingent commissions and other similar charges.....	137,972,509	150,847,301
5. Other expenses (excluding taxes, licenses and fees).....	124,359,159	114,175,486
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	106,866,680	134,938,293
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	0	0
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....596,823,752 and including warranty reserves of \$.....0).....	2,063,838,983	2,098,724,313
10. Advance premium.....	169,475	169,475
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	9,165,949	8,865,025
12. Ceded reinsurance premiums payable (net of ceding commissions).....	137,476,722	127,350,702
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	3,428,757	34,008
14. Amounts withheld or retained by company for account of others.....	64,054,904	81,256,734
15. Remittances and items not allocated.....	47,003,193	16,860,771
16. Provision for reinsurance (Schedule F, Part 7).....	73,225,302	57,123,629
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	(4,161,407)	132,151,676
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	64,076,901	164,247,727
20. Payable for securities.....	461,064	12,276,426
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.....	96,514,181	3,767,388
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	12,426,553,414	12,796,453,285
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	12,426,553,414	12,796,453,285
27. Aggregate write-ins for special surplus funds.....	157,588,221	47,736,719
28. Common capital stock.....	20,000,000	20,000,000
29. Preferred capital stock.....	0	0
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	0	0
32. Gross paid in and contributed surplus.....	3,171,725,204	3,275,206,526
33. Unassigned funds (surplus).....	3,242,040,678	3,023,563,232
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....	0	0
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39).....	6,591,354,104	6,366,506,477
36. TOTALS (Page 2, Line 26, Col. 3).....	19,017,907,519	19,162,959,762

#### DETAILS OF WRITE-INS

2301. Retrospective premium reserve.....	65,521,145	29,613,705
2302. Reinsurance payable intercompany.....	52,165,619	0
2303. Investment real estate liability.....	15,771,626	27,900,696
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(36,944,209)	(53,747,013)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	96,514,181	3,767,388
2701. Special surplus for deferred taxes.....	120,000,525	0
2702. Special surplus from retroactive reinsurance.....	36,587,696	46,736,719
2703. Guaranty surplus fund.....	1,000,000	1,000,000
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	157,588,221	47,736,719
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 (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

# ST. PAUL FIRE AND MARINE INSURANCE COMPANY

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	4,717,480,992	4,700,530,731
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	2,154,380,536	2,283,689,460
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	582,589,353	602,444,343
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,512,016,648	1,467,502,680
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,248,986,537	4,353,636,482
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	468,494,455	346,894,248
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	710,714,081	839,335,728
10. Net realized capital gains (losses) less capital gains tax of \$....(22,277,863) (Exhibit of Capital Gains (Losses)).....	(185,812,507)	(103,977,947)
11. Net investment gain (loss) (Lines 9 + 10).....	524,901,574	735,357,781
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....(11,095,850) amount charged off \$....4,012,569).....	(15,108,419)	(10,752,721)
13. Finance and service charges not included in premiums.....	23,354,477	22,948,438
14. Aggregate write-ins for miscellaneous income.....	(1,089,377)	14,155,156
15. Total other income (Lines 12 through 14).....	7,156,681	26,350,873
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,000,552,710	1,108,602,903
17. Dividends to policyholders.....	4,333,516	5,441,271
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).....	996,219,194	1,103,161,632
19. Federal and foreign income taxes incurred.....	274,225,479	253,778,169
20. Net income (Line 18 minus Line 19) (to Line 22).....	721,993,715	849,383,463
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	6,366,506,477	6,881,107,266
22. Net income (from Line 20).....	721,993,715	849,383,463
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....52,582,735.....	598,485,082	68,850,703
25. Change in net unrealized foreign exchange capital gain (loss).....	162,811,507	(164,229,371)
26. Change in net deferred income tax.....	(14,736,433)	(35,557,921)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	84,112,179	(125,966,486)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(16,101,672)	(16,725,888)
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.....	21,014,611	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.....	(103,481,322)	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.....	(1,349,250,563)	(1,100,000,000)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	120,000,525	9,644,709
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	224,847,627	(514,600,789)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	6,591,354,104	6,366,506,477
<b>DETAILS OF WRITE-INS</b>		
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 (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Change in COLI cash values.....	2,475,433	(1,826,537)
1402. Profit and loss, miscellaneous.....	805,631	(4,258,477)
1403. Fines and penalties of regulatory authorities.....	(11,352)	(2,867,973)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(4,359,089)	23,108,143
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(1,089,377)	14,155,156
3701. Change in special surplus from deferred taxes.....	120,000,525	0
3702. Prior period adjustment.....	0	9,644,709
3703. ....	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	120,000,525	9,644,709

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	4,720,892,258	4,716,545,639
2. Net investment income.....	664,591,190	1,064,695,747
3. Miscellaneous income.....	7,156,681	26,350,873
4. Total (Lines 1 through 3).....	5,392,640,128	5,807,592,259
5. Benefit and loss related payments.....	2,340,841,372	2,802,951,527
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	2,113,951,383	2,052,959,491
8. Dividends paid to policyholders.....	4,032,593	4,177,311
9. Federal and foreign income taxes paid (recovered) net of \$.....(36,213,045) tax on capital gains (losses).....	207,879,667	228,096,739
10. Total (Lines 5 through 9).....	4,666,705,014	5,088,185,069
11. Net cash from operations (Line 4 minus Line 10).....	725,935,114	719,407,190
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,157,619,701	1,977,579,326
12.2 Stocks.....	249,707,362	376,249,481
12.3 Mortgage loans.....	765,000	295,000
12.4 Real estate.....	0	0
12.5 Other invested assets.....	39,615,090	92,050,824
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	8,406	750,703
12.7 Miscellaneous proceeds.....	6,914,752	11,679,654
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,454,630,311	2,458,604,988
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,496,239,260	1,017,248,388
13.2 Stocks.....	68,012,790	101,977,253
13.3 Mortgage loans.....	1,325,761	53,680,293
13.4 Real estate.....	10,896,027	20,251,879
13.5 Other invested assets.....	153,436,516	225,951,382
13.6 Miscellaneous applications.....	11,815,362	6,428,381
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,741,725,716	1,425,537,577
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(287,095,404)	1,033,067,411
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(103,481,322)	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.....	1,349,250,563	1,100,000,000
16.6 Other cash provided (applied).....	521,666,420	(242,811,040)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(931,065,465)	(1,342,811,040)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(492,225,756)	409,663,561
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	829,126,325	419,462,764
19.2 End of year (Line 18 plus Line 19.1).....	336,900,569	829,126,325

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001	Stocks converted to bonds.....	29,721,050	0
20.0002	Exchange of stock.....	2,720,000	0
20.0003	Return of capital to parent.....	(103,481,322)	0
20.0004	Receipt of non-cash distribution from subsidiary.....	0	10,496,787
20.0005	Dissolution of affiliate.....	0	8,678,406
20.0006	Liquidation of affiliate.....	0	3,103,469

# ST. PAUL FIRE AND MARINE INSURANCE COMPANY 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 Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	177,099,632	77,893,187	73,606,712	181,386,106
2. Allied lines.....	115,130,467	50,883,646	50,674,733	115,339,379
3. Farmowners multiple peril.....	34,945,444	15,231,797	16,826,087	33,351,154
4. Homeowners multiple peril.....	703,106,507	354,423,402	373,666,312	683,863,597
5. Commercial multiple peril.....	691,253,245	323,313,169	331,568,608	682,997,806
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	84,026,760	35,780,890	34,859,423	84,948,227
9. Inland marine.....	179,922,035	92,174,153	83,735,190	188,360,999
10. Financial guaranty.....	0	0	0	0
11.1 Medical professional liability - occurrence.....	(1,652)	(2,701)	(1,169)	(3,183)
11.2 Medical professional liability - claims-made.....	893	78,375	4,507	74,761
12. Earthquake.....	23,697,355	10,521,553	10,918,736	23,300,172
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.....	624,494,246	233,963,341	241,284,222	617,173,365
17.1 Other liability - occurrence.....	439,457,250	200,776,153	188,307,688	451,925,714
17.2 Other liability - claims-made.....	163,550,910	100,379,040	93,444,140	170,485,810
17.3 Excess workers' compensation.....	7,284,778	2,321,940	2,431,528	7,175,191
18.1 Products liability - occurrence.....	80,491,111	34,542,191	31,082,115	83,951,187
18.2 Products liability - claims-made.....	5,698,330	2,801,181	2,392,820	6,106,691
19.1, 19.2 Private passenger auto liability.....	471,172,925	150,020,452	145,609,140	475,584,236
19.3, 19.4 Commercial auto liability.....	405,177,931	186,916,274	181,140,275	410,953,930
21. Auto physical damage.....	410,383,320	148,005,709	142,417,057	415,971,972
22. Aircraft (all perils).....	1,905,678	(816,738)	608,976	479,964
23. Fidelity.....	14,681,406	11,850,570	9,819,002	16,712,973
24. Surety.....	10,938,574	(1,296,924)	(1,073,765)	10,715,415
26. Burglary and theft.....	2,567,216	1,231,945	1,117,945	2,681,216
27. Boiler and machinery.....	44,548,809	19,917,497	19,151,786	45,314,520
28. Credit.....	(12,939)	17,310	6,192	(1,821)
29. International.....	2,450,748	136,656	209,433	2,377,971
30. Warranty.....	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	253,992	(32,828)	55,497	165,667
32. Reinsurance - nonproportional assumed liability.....	4,824,440	3,476,702	3,003,467	5,297,675
33. Reinsurance - nonproportional assumed financial lines.....	987,304	195,754	446,381	736,676
34. Aggregate write-ins for other lines of business.....	68,180	0	14,560	53,620
35. TOTALS.....	4,700,104,894	2,054,703,696	2,037,327,598	4,717,480,992

### DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	68,180	0	14,560	53,620
3402. ....	0	0	0	0
3403. ....	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	68,180	0	14,560	53,620

# ST. PAUL FIRE AND MARINE INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	71,242,878	3,219,423	(855,589)	.0	73,606,712
2. Allied lines.....	49,388,147	1,286,587	.0	.0	50,674,733
3. Farmowners multiple peril.....	16,826,272	(184)	(0)	.0	16,826,087
4. Homeowners multiple peril.....	373,787,843	(121,531)	.0	.0	373,666,312
5. Commercial multiple peril.....	328,845,322	(572,086)	3,295,372	.0	331,568,608
6. Mortgage guaranty.....	.0	.0	.0	.0	.0
8. Ocean marine.....	34,976,968	381,421	(498,966)	.0	34,859,423
9. Inland marine.....	68,880,014	15,701,405	(846,230)	.0	83,735,190
10. Financial guaranty.....	.0	.0	.0	.0	.0
11.1 Medical professional liability - occurrence.....	(1,169)	.0	.0	.0	(1,169)
11.2 Medical professional liability - claims-made.....	269	.0	.0	4,238	4,507
12. Earthquake.....	10,479,414	439,321	.0	.0	10,918,736
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.....	264,267,914	(3,081)	2,832,369	(25,812,979)	241,284,222
17.1 Other liability - occurrence.....	187,842,301	2,352,668	(453,567)	(1,433,714)	188,307,688
17.2 Other liability - claims-made.....	78,759,128	14,669,479	15,533	.0	93,444,140
17.3 Excess workers' compensation.....	2,430,418	.0	1,110	.0	2,431,528
18.1 Products liability - occurrence.....	26,720,464	4,356,927	56,337	(51,613)	31,082,115
18.2 Products liability - claims-made.....	2,384,371	7,985	464	.0	2,392,820
19.1, 19.2 Private passenger auto liability.....	145,609,140	.0	.0	.0	145,609,140
19.3, 19.4 Commercial auto liability.....	180,885,980	765,015	(143,283)	(367,437)	181,140,275
21. Auto physical damage.....	142,269,022	151,754	(0)	(3,718)	142,417,057
22. Aircraft (all perils).....	607,425	1,551	.0	.0	608,976
23. Fidelity.....	6,113,845	3,704,826	331	.0	9,819,002
24. Surety.....	387,162	789,115	(2,250,042)	.0	(1,073,765)
26. Burglary and theft.....	825,396	292,549	.0	.0	1,117,945
27. Boiler and machinery.....	18,555,443	596,343	.0	.0	19,151,786
28. Credit.....	6,192	.0	.0	.0	6,192
29. International.....	209,433	.0	.0	.0	209,433
30. Warranty.....	.0	.0	.0	.0	.0
31. Reinsurance - nonproportional assumed property.....	55,497	.0	.0	.0	55,497
32. Reinsurance - nonproportional assumed liability.....	2,858,634	144,833	.0	.0	3,003,467
33. Reinsurance - nonproportional assumed financial lines.....	446,381	.0	.0	.0	446,381
34. Aggregate write-ins for other lines of business.....	14,560	.0	.0	.0	14,560
35. TOTALS.....	2,015,674,665	48,164,318	1,153,839	(27,665,224)	2,037,327,598
36. Accrued retrospective premiums based on experience.....					27,665,224
37. Earned but unbilled premiums.....					(1,153,839)
38. Balance (sum of Lines 35 through 37).....					2,063,838,983

### DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	14,560	.0	.0	.0	14,560
3402. ....	.0	.0	.0	.0	.0
3403. ....	.0	.0	.0	.0	.0
3498. Summary of remaining write-ins for Line 34 from overflow page....	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	14,560	.0	.0	.0	14,560

(a) State here basis of computation used in each case: Daily pro rata; pools and associations as submitted

# ST. PAUL FIRE AND MARINE INSURANCE COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	126,330,162	144,553,197	1,182,038	76,853,517	18,112,248	177,099,632
2. Allied lines.....	41,123,996	111,295,697	5,036,102	42,260,683	64,645	115,130,467
3. Farmowners multiple peril.....	0	34,945,444	0	0	0	34,945,444
4. Homeowners multiple peril.....	(250,981)	703,106,507	52	(250,929)	0	703,106,507
5. Commercial multiple peril.....	15,616,725	690,805,864	(1,603)	15,166,959	782	691,253,245
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	225,482,799	65,859,279	150,463	206,006,431	1,459,350	84,026,760
9. Inland marine.....	54,343,306	170,301,707	700,232	41,540,989	3,882,220	179,922,035
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence.....	1	(1,652)	0	1	0	(1,652)
11.2 Medical professional liability - claims-made.....	(353)	893	(626)	(979)	0	893
12. Earthquake.....	2,925,194	20,858,816	0	8,162	78,493	23,697,355
13. Group accident and health.....	0	0	70,971	70,971	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	861,159	0	(2,052)	859,108	0	0
16. Workers' compensation.....	(8,548,727)	624,493,996	7,242,069	(1,306,908)	0	624,494,246
17.1 Other liability - occurrence.....	571,956,145	423,725,396	8,100,608	564,261,924	62,976	439,457,250
17.2 Other liability - claims-made.....	157,417,373	153,975,723	2,042,657	149,552,646	332,197	163,550,910
17.3 Excess workers' compensation.....	0	7,284,778	0	0	0	7,284,778
18.1 Products liability - occurrence.....	95,065,588	33,019,062	1,702,235	43,067,067	6,228,708	80,491,111
18.2 Products liability - claims-made.....	13,018,082	4,704,660	(1,250)	12,023,162	0	5,698,330
19.1, 19.2 Private passenger auto liability.....	14,273	471,172,925	0	14,273	0	471,172,925
19.3, 19.4 Commercial auto liability.....	156,438,583	372,004,393	6,047,894	127,694,203	1,618,737	405,177,931
21. Auto physical damage.....	44,036,955	398,338,299	1,170,715	33,137,945	24,703	410,383,320
22. Aircraft (all perils).....	7,876,464	1,905,678	(12,429)	7,864,035	0	1,905,678
23. Fidelity.....	28,618,705	13,735,575	71,144	27,742,969	1,050	14,681,406
24. Surety.....	6,170,433	11,307,076	663,391	7,202,327	0	10,938,574
26. Burglary and theft.....	4,103,375	2,320,163	18,896	3,875,018	200	2,567,216
27. Boiler and machinery.....	8,177,788	42,059,860	427,479	6,096,144	20,174	44,548,809
28. Credit.....	0	(12,939)	(52,187)	(52,187)	0	(12,939)
29. International.....	0	10,340,150	1,996,633	9,886,035	0	2,450,748
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	121,329	(73,240)	(205,903)	0	253,992
32. Reinsurance - nonproportional assumed liability.....	XXX	4,104,837	19,825,524	19,105,921	0	4,824,440
33. Reinsurance - nonproportional assumed financial lines.....	XXX	987,304	3,982,669	3,982,669	0	987,304
34. Aggregate write-ins for other lines of business.....	275,029	68,180	0	275,029	0	68,180
35. TOTALS.....	1,551,052,072	4,517,382,197	60,288,387	1,396,731,279	31,886,482	4,700,104,894

#### DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	275,029	68,180	0	275,029	0	68,180
3402. ....	0	0	0	0	0	0
3403. ....	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page..	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	275,029	68,180	0	275,029	0	68,180

(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.



**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	103,559,968	65,615,199	67,810,226	101,364,941	99,426,563	104,702,823	96,088,680	53.0
2. Allied lines.....	20,925,532	91,154,871	23,440,951	88,639,452	70,557,608	87,794,309	71,402,751	61.9
3. Farmowners multiple peril.....	0	17,073,988	254	17,073,734	9,112,646	5,458,738	20,727,642	62.1
4. Homeowners multiple peril.....	65,841	364,276,599	88,476	364,253,964	162,440,965	186,458,613	340,236,315	49.8
5. Commercial multiple peril.....	3,137,427	295,640,357	3,475,603	295,302,182	558,000,853	602,736,375	250,566,659	36.7
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	86,245,595	30,808,389	82,276,363	34,777,620	48,622,325	50,470,546	32,929,400	38.8
9. Inland marine.....	43,626,720	76,328,784	39,776,851	80,178,652	76,419,443	84,018,491	72,579,603	38.5
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence.....	26,804,571	6,565,857	26,804,571	6,565,857	15,802,325	21,795,412	572,770	(17,993.5)
11.2 Medical professional liability - claims-made.....	34,535,847	10,617,312	35,727,319	9,425,840	38,186,310	38,541,877	9,070,273	12,132.3
12. Earthquake.....	4,278	1,119	755	4,642	7,330,504	7,378,131	(42,985)	(0.2)
13. Group accident and health.....	0	706,716	706,716	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.....	47,179	330,831	378,010	0	0	0	0	0.0
16. Workers' compensation.....	76,465,947	264,204,240	91,461,925	249,208,262	2,729,588,150	2,596,731,440	382,064,972	61.9
17.1 Other liability - occurrence.....	207,782,315	217,650,856	233,554,833	191,878,338	1,401,108,562	1,470,042,916	122,943,984	27.2
17.2 Other liability - claims-made.....	149,267,442	100,842,310	155,870,219	94,239,533	447,265,264	437,479,256	104,025,541	61.0
17.3 Excess workers' compensation.....	0	4,026,276	137,549	3,888,727	116,429,967	116,431,913	3,886,781	54.2
18.1 Products liability - occurrence.....	123,072,412	43,057,738	102,209,870	63,920,279	478,203,081	538,005,863	4,117,497	4.9
18.2 Products liability - claims-made.....	3,157,307	1,824,804	120,000	4,862,112	24,043,175	23,304,752	5,600,534	91.7
19.1, 19.2 Private passenger auto liability.....	12,270	265,731,227	12,270	265,731,227	370,016,459	371,558,020	264,189,665	55.6
19.3, 19.4 Commercial auto liability.....	107,284,752	190,776,802	97,023,079	201,038,475	519,183,994	554,891,051	165,331,418	40.2
21. Auto physical damage.....	22,817,188	214,418,697	17,553,234	219,682,651	36,210,170	36,575,624	219,317,197	52.7
22. Aircraft (all perils).....	4,707,711	1,227,951	5,122,579	813,084	8,490,020	6,354,078	2,949,026	614.4
23. Fidelity.....	8,379,625	8,627,031	8,216,034	8,790,622	35,321,820	29,353,152	14,759,290	88.3
24. Surety.....	(2,140,531)	14,229,577	3,115,734	8,973,313	82,028,297	103,121,603	(12,119,993)	(113.1)
26. Burglary and theft.....	492,133	115,139	10,194	597,078	3,156,856	4,154,802	(400,868)	(15.0)
27. Boiler and machinery.....	5,909,114	11,602,569	5,602,514	11,909,169	14,308,861	16,524,631	9,693,399	21.4
28. Credit.....	0	(90,171)	(70,710)	(19,461)	3,024,132	3,035,368	(30,697)	1,685.8
29. International.....	0	5,767,822	4,618,667	1,149,155	2,306,744	3,831,893	(375,994)	(15.8)
30. Warranty.....	0	0	0	0	(336)	(336)	0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX	62,845,248	50,757,405	12,087,843	8,974,981	29,351,920	(8,289,096)	(5,003.5)
32. Reinsurance - nonproportional assumed liability.....	XXX	87,087,515	76,455,363	10,632,152	296,245,091	322,114,570	(15,237,327)	(287.6)
33. Reinsurance - nonproportional assumed financial lines.....	XXX	759,492	608,616	150,876	6,586,858	8,957,171	(2,219,437)	(301.3)
34. Aggregate write-ins for other lines of business.....	46,426	11,509	46,426	11,509	35,136	3,112	43,534	81.2
35. TOTALS.....	1,026,207,068	2,453,836,655	1,132,911,894	2,347,131,829	7,668,426,823	7,861,178,116	2,154,380,536	45.7

**DETAILS OF WRITE-INS**

3401. Tribal workers' compensation.....	46,426	11,509	46,426	11,509	35,136	3,112	43,534	81.2
3402. ....	0	0	0	0	0	0	0	0.0
3403. ....	0	0	0	0	0	0	0	0.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	46,426	11,509	46,426	11,509	35,136	3,112	43,534	81.2

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	118,659,947	44,877,659	71,925,477	91,612,130	(3,155,035)	59,559,118	48,589,651	99,426,563	13,716,689
2. Allied lines.....	10,228,303	40,593,244	10,895,701	39,925,846	17,933,647	28,976,629	16,278,514	70,557,608	12,086,874
3. Farmowners multiple peril.....	0	4,624,885	2	4,624,883	0	4,508,296	20,533	9,112,646	2,165,206
4. Homeowners multiple peril.....	64,242	89,441,201	72,984	89,432,459	51,311	75,789,070	2,831,875	162,440,965	37,509,205
5. Commercial multiple peril.....	16,836,627	294,083,651	17,905,846	293,014,431	11,705,022	278,117,994	24,836,595	558,000,853	269,266,327
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	114,422,455	34,957,117	113,004,489	36,375,082	66,124,404	14,968,120	68,845,281	48,622,325	9,542,243
9. Inland marine.....	35,614,290	43,538,289	33,579,279	45,573,300	29,794,132	33,923,134	32,871,123	76,419,443	13,215,980
10. Financial guaranty.....	0	0	0	0	3,647	(0)	3,647	0	0
11.1 Medical professional liability - occurrence.....	36,219,223	9,076,681	36,219,224	9,076,680	359,054	5,090,790	(1,275,801)	15,802,325	3,108,338
11.2 Medical professional liability - claims-made.....	94,991,649	47,814,350	114,577,603	28,228,396	(1,007,647)	24,504,932	13,539,371	38,186,310	5,287,381
12. Earthquake.....	0	12,410	0	12,410	6,616,226	791,581	89,713	7,330,504	870,933
13. Group accident and health.....	0	1,597,942	1,597,942	0	0	1,807,473	1,807,473	(a).....0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	144,331	2,219,462	2,363,793	0	1,010,816	5,500,811	6,511,627	(a).....0	0
16. Workers' compensation.....	655,813,118	1,505,904,341	748,408,326	1,413,309,133	288,666,531	1,430,553,100	402,940,613	2,729,588,150	335,736,121
17.1 Other liability - occurrence.....	347,511,688	313,767,212	402,806,982	258,471,918	1,323,999,066	1,233,843,753	1,415,206,176	1,401,108,562	515,937,071
17.2 Other liability - claims-made.....	168,436,674	146,491,801	176,694,239	138,234,235	319,130,184	307,263,206	317,362,361	447,265,264	137,046,458
17.3 Excess workers' compensation.....	2	44,896,019	2,502,897	42,393,124	102,282	74,123,839	189,277	116,429,967	3,059,946
18.1 Products liability - occurrence.....	185,895,186	64,072,941	99,820,412	150,147,715	340,934,292	308,802,106	321,681,032	478,203,081	252,209,723
18.2 Products liability - claims-made.....	15,083,644	800,948	4,200,510	11,684,082	23,144,362	7,176,819	17,962,088	24,043,175	9,901,477
19.1, 19.2 Private passenger auto liability.....	157,813	220,148,927	157,813	220,148,927	702,254	149,867,533	702,255	370,016,459	83,265,233
19.3, 19.4 Commercial auto liability.....	139,516,946	238,332,245	102,018,660	275,830,531	184,711,410	218,179,191	159,537,138	519,183,994	81,898,323
21. Auto physical damage.....	4,495,119	12,162,763	2,911,606	13,746,276	28,372,397	13,909,067	19,817,569	36,210,170	9,175,117
22. Aircraft (all perils).....	36,006,121	46,570,886	81,018,939	1,558,069	10,947,421	38,043,262	42,058,732	8,490,020	1,950,537
23. Fidelity.....	9,903,882	9,129,857	10,226,111	8,807,628	48,016,258	28,529,814	50,031,880	35,321,820	8,828,401
24. Surety.....	79,309,741	56,251,931	96,118,870	39,442,803	60,317,032	43,996,127	61,727,664	82,028,297	12,338,210
26. Burglary and theft.....	21,685	15,846	8,225	29,307	4,379,415	3,274,583	4,526,448	3,156,856	896,963
27. Boiler and machinery.....	6,305,211	4,176,365	6,076,615	4,404,961	8,292,142	9,424,277	7,812,519	14,308,861	2,042,868
28. Credit.....	0	8,356,236	6,618,908	1,737,328	0	6,466,324	5,179,521	3,024,132	624,464
29. International.....	0	5,670,300	4,540,730	1,129,570	1,903	5,734,193	4,558,922	2,306,744	34,793
30. Warranty.....	0	(336)	0	(336)	0	0	0	(336)	0
31. Reinsurance - nonproportional assumed property.....	XXX	44,199,924	38,610,612	5,589,312	XXX	17,626,505	14,240,836	8,974,981	1,636,377
32. Reinsurance - nonproportional assumed liability.....	XXX	573,427,334	410,249,425	163,177,908	XXX	633,773,744	500,706,562	296,245,091	9,686,237
33. Reinsurance - nonproportional assumed financial lines.....	XXX	6,890,251	5,491,806	1,398,445	XXX	27,020,148	21,831,735	6,586,858	197,873
34. Aggregate write-ins for other lines of business.....	95,113	23,579	95,113	23,579	46,623	11,558	46,623	35,136	2,624
35. TOTALS.....	2,075,733,012	3,914,126,259	2,600,719,140	3,389,140,132	2,771,199,148	5,091,157,097	3,583,069,553	7,668,426,823	1,833,237,996
<b>DETAILS OF WRITE-INS</b>									
3401. Tribal workers' compensation.....	95,113	23,579	95,113	23,579	46,623	11,558	46,623	35,136	2,624
3402. ....	0	0	0	0	0	0	0	0	0
3403. ....	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	95,113	23,579	95,113	23,579	46,623	11,558	46,623	35,136	2,624

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

# ST. PAUL FIRE AND MARINE INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	108,210,833	0	0	108,210,833
1.2 Reinsurance assumed.....	286,936,091	0	0	286,936,091
1.3 Reinsurance ceded.....	107,794,898	0	0	107,794,898
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	287,352,026	0	0	287,352,026
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	211,611,886	0	211,611,886
2.2 Reinsurance assumed, excluding contingent.....	0	681,377,359	0	681,377,359
2.3 Reinsurance ceded, excluding contingent.....	0	190,826,241	0	190,826,241
2.4 Contingent - direct.....	0	8,362,361	0	8,362,361
2.5 Contingent - reinsurance assumed.....	0	4,414,145	0	4,414,145
2.6 Contingent - reinsurance ceded.....	0	1,845,721	0	1,845,721
2.7 Policy and membership fees.....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	713,093,788	0	713,093,788
3. Allowances to manager and agents.....	0	793,735	0	793,735
4. Advertising.....	7,515	27,706,123	0	27,713,638
5. Boards, bureaus and associations.....	1,310,971	19,547,333	13,006	20,871,310
6. Surveys and underwriting reports.....	14,130	19,364,312	260	19,378,702
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	172,352,818	338,692,714	3,651,731	514,697,263
8.2 Payroll taxes.....	12,491,149	21,116,535	281,040	33,888,724
9. Employee relations and welfare.....	27,939,692	47,058,698	520,097	75,518,487
10. Insurance.....	44,952,402	5,896,642	23,210	50,872,254
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	9,613,866	17,353,123	127,970	27,094,959
13. Rent and rent items.....	9,864,588	27,945,930	260,299	38,070,817
14. Equipment.....	1,551,249	7,946,542	343,174	9,840,965
15. Cost or depreciation of EDP equipment and software.....	(1,906,905)	99,817,087	414,783	98,324,965
16. Printing and stationery.....	1,045,605	4,050,589	33,061	5,129,255
17. Postage, telephone and telegraph, exchange and express.....	30,621	22,315,141	90,648	22,436,410
18. Legal and auditing.....	13,043,790	12,801,308	412,304	26,257,402
19. Totals (Lines 3 to 18).....	292,311,491	672,405,812	6,171,583	970,888,886
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....2,381,955.....	0	125,483,283	0	125,483,283
20.2 Insurance department licenses and fees.....	0	9,352,263	0	9,352,263
20.3 Gross guaranty association assessments.....	0	874,655	0	874,655
20.4 All other (excluding federal and foreign income and real estate).....	0	5,621,051	0	5,621,051
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	141,331,252	0	141,331,252
21. Real estate expenses.....	0	0	56,304,680	56,304,680
22. Real estate taxes.....	0	0	6,698,901	6,698,901
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	2,925,836	(14,814,203)	137,316	(11,751,051)
25. Total expenses incurred.....	582,589,353	1,512,016,649	69,312,480	(a) 2,163,918,482
26. Less unpaid expenses - current year.....	1,833,237,996	369,027,056	171,292	2,202,436,344
27. Add unpaid expenses - prior year.....	1,826,620,788	397,115,869	2,156,410	2,225,893,066
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 (Lines 25 - 26 + 27 - 28 + 29).....	575,972,145	1,540,105,461	71,297,598	2,187,375,205

### DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	8,957,695	59,129,531	137,316	68,224,542
2402. Costs of computer software developed for internal use.....	(5,307,899)	(67,708,090)	0	(73,015,989)
2403. Service reimbursements.....	(723,960)	(6,235,644)	0	(6,959,604)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	2,925,836	(14,814,203)	137,316	(11,751,051)

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....66,959,075	.....63,797,214
1.1 Bonds exempt from U.S. tax.....	(a).....239,122,566	.....243,171,402
1.2 Other bonds (unaffiliated).....	(a).....231,504,770	.....231,424,253
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....1,087,637	.....959,739
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....8,973,697	.....8,792,937
2.21 Common stocks of affiliates.....	.....86,127,719	.....86,127,719
3. Mortgage loans.....	(c).....5,585,315	.....5,486,536
4. Real estate.....	(d).....135,700,033	.....135,700,033
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....3,465,742	.....3,109,967
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....35,348,649	.....35,370,623
9. Aggregate write-ins for investment income.....	.....1,136,375	.....1,136,375
10. Total gross investment income.....	.....815,011,577	.....815,076,799
11. Investment expenses.....		(g).....69,312,480
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....1,087,517
14. Depreciation on real estate and other invested assets.....		(i).....33,710,521
15. Aggregate write-ins for deductions from investment income.....		.....252,200
16. Total deductions (Lines 11 through 15).....		.....104,362,718
17. Net investment income (Line 10 minus Line 16).....		.....710,714,081

**DETAILS OF WRITE-INS**

0901. Property and wind plans.....	.....453,861	.....453,861
0902. Security Lending Income.....	.....34,361	.....34,361
0903. Miscellaneous Income.....	.....718,095	.....718,095
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....(69,942)	.....(69,942)
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....1,136,375	.....1,136,375
1501. Management Fees.....		.....252,200
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....252,200

- (a) Includes \$.....8,526,910 accrual of discount less \$.....67,010,665 amortization of premium and less \$.....10,028,512 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....12,053,703 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....88,180 accrual of discount less \$.....139,011 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....33,710,521 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....848,876	.....0	.....848,876	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....846,734	.....(347,365)	.....499,368	.....1,114,923	.....0
1.2 Other bonds (unaffiliated).....	.....7,168,836	.....(42,028,404)	.....(34,859,568)	.....52,144,082	.....25,965,324
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....762,763	.....(2,530,296)	.....(1,767,533)	.....24,444,129	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....3,978,704	.....(15,936,958)	.....(11,958,255)	.....59,162,020	.....0
2.21 Common stocks of affiliates.....	.....(126,724,651)	.....0	.....(126,724,651)	.....545,450,165	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....8,406	.....(619,053)	.....(610,646)	.....0	.....441,839
7. Derivative instruments.....	.....2,925,276	.....0	.....2,925,276	.....7,670,594	.....0
8. Other invested assets.....	.....(1,087,893)	.....(4,722)	.....(1,092,615)	.....(38,918,094)	.....391,297
9. Aggregate write-ins for capital gains (losses).....	.....0	.....(35,350,618)	.....(35,350,618)	.....0	.....136,013,047
10. Total capital gains (losses).....	.....(111,272,951)	.....(96,817,415)	.....(208,090,367)	.....651,067,820	.....162,811,507

**DETAILS OF WRITE-INS**

0901. Foreign Exchange.....	.....0	.....(9,890,878)	.....(9,890,878)	.....0	.....136,013,047
0902. Cumulative Effect of SSAP 43R.....	.....0	.....(32,330,170)	.....(32,330,170)	.....0	.....0
0903. Adjustment from prior year UnionAmerica sale.....	.....0	.....6,819,000	.....6,819,000	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....51,430	.....51,430	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....(35,350,618)	.....(35,350,618)	.....0	.....136,013,047

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 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.....	10,042,910	10,142,220	99,310
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	2,060,467	0	(2,060,467)
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Other invested assets (Schedule BA).....	9,570,340	5,410,642	(4,159,699)
8. Receivables for securities.....	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	21,673,717	15,552,862	(6,120,856)
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued.....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	47,013,872	49,098,967	2,085,094
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	7,232,602	7,706,336	473,733
13.3 Accrued retrospective premiums.....	503,105	524,367	21,263
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.....	247,849,619	459,735,523	211,885,904
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	19,014,701	12,193,102	(6,821,599)
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets.....	24,306,045	26,895,209	2,589,164
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	367,593,661	571,706,366	204,112,705
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	367,593,661	571,706,366	204,112,705

**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 (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301. Other assets nonadmitted.....	14,992,838	18,642,880	3,650,042
2302. Freddie Mac collateral held.....	5,963,834	6,083,186	119,352
2303. Amounts receivable under high deductible policies.....	3,349,373	2,169,144	(1,180,229)
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	24,306,045	26,895,209	2,589,164

**NOTES TO FINANCIAL STATEMENTS****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. St. Paul Fire and Marine Insurance Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Minnesota. The State of Minnesota requires that insurance companies domiciled in Minnesota prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Minnesota Department of Commerce. The impact of any permitted accounting practices on statutory surplus was not material.
- B. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and losses and expenses during the reporting period. Actual results could differ from those estimates.
- C. Certain assets designated as nonadmitted are excluded from the statutory balance sheet and changes in such amounts are charged or credited directly to unassigned surplus. The costs of acquiring both new and renewal insurance business are charged to income as incurred. Premiums are recognized as revenues pro rata over the policy period. Unearned premium reserves represent the unexpired portion of policy premiums, net of reinsurance. Reserves for losses, loss adjustment expenses (LAE) and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves. Amounts recoverable from reinsurers are estimated in a manner consistent with the loss liability associated with the reinsured business. A liability is established for unsecured, unauthorized reinsurance and overdue authorized reinsurance recoverables. The provision for federal income taxes is comprised of two components, current income taxes and deferred income taxes. Deferred federal income taxes arise from changes during the year in cumulative temporary differences between the statutory basis and tax basis of assets and liabilities, and are recognized in accordance with Statement of Statutory Accounting Principles (SSAP) No. 10R, *Income Taxes- Revised, A Temporary Replacement of SSAP No.10*.

Invested assets are valued according to statutory requirements and the bases of valuation adopted by the NAIC.

Short-term investments are stated at amortized cost.

Bonds are generally stated at amortized cost, except bonds that are defined by the NAIC as non-investment grade (NAIC Class 3-6) which are stated at the lower of amortized cost or NAIC fair value. Amortization is calculated using the constant yield method.

Common stocks of non-affiliates are stated at NAIC fair value.

Redeemable preferred stocks (NAIC Class 1 and 2) are generally stated at amortized cost, whereas NAIC Class 3-6 are stated at the lower of cost, amortized cost, or NAIC fair value. Perpetual preferred stocks (NAIC Class 1 and 2) generally are stated at NAIC fair value, while NAIC Class 3-6 are stated at the lower of cost or NAIC fair value.

Mortgage loans are stated at the amount of principal outstanding, adjusted for unamortized premium or discount, net of encumbrances and specific impairments. Real estate is stated at depreciated cost, net of encumbrances and specific impairments.

Real estate is stated at depreciated cost, net of encumbrances and specific impairments.

Loan-backed and structured securities are amortized using the retrospective method, except for securities that have incurred a decline in fair value that is other than temporary are amortized using the prospective method. The effective yield used to determine amortization is calculated based on actual historical and projected future cash flows, which are obtained from a widely-accepted securities data provider.

Investments in subsidiaries and affiliated entities are based on the net worth of the entity, determined in accordance with statutory accounting valuation methods. Dividends received from subsidiaries are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains (losses).

The Company's investments in partnerships, joint ventures and limited liability companies are reported using the equity method of accounting, determined in accordance with statutory accounting valuation methods. Distributions of accumulated earnings received from these investments are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains (losses).

For accounting policy in regards to derivative instruments, see Note 8.

The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

Canadian dollar denominated assets, liabilities, revenues and expenses of the Company's Canadian operations are included in the financial statements at the Canadian currency amounts. The net assets of the Canadian operations are translated at the year-end exchange rate and the adjustment into U.S. dollars is reflected as a separate asset or liability in the Company's balance sheet. The change in this liability is charged or credited directly to unassigned surplus.

Property-casualty reserves are established for loss and LAE and include estimates of both reported and unreported claims incurred and related expenses. The reserves are regularly adjusted based upon experience. In determining loss and LAE reserves, the Company continually reviews its overall reserve position, its reserving techniques and its reinsurance. These reserves represent the estimated ultimate cost of all incurred losses and LAE net of reinsurance. Since the reserves are based on estimates, the ultimate liability may be more or less than such reserves. The effects of changes in such estimated reserves are included in net income in the period in which the estimates are changed. Such changes may be material to net income and could occur in a future period. For a discussion of loss and LAE related to asbestos and environmental reserves, see Note 32.

The Company has not modified its accounting policy regarding the capitalization of fixed assets from the prior period.

**2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

The Company had no material changes in accounting principles during 2009.

**3. BUSINESS COMBINATIONS AND GOODWILL**

Not applicable.

**4. DISCONTINUED OPERATIONS**

Not applicable.

**5. INVESTMENTS****A. Mortgage Loans:**

The maximum percentage of any one loan-to-value of security at the time the loan was made, exclusive of any purchase money or insured or guaranteed mortgages was 72%.

**B. Debt Restructuring:**

Not applicable.

**C. Reverse Mortgages:**

Not applicable.

**NOTES TO FINANCIAL STATEMENTS****D. Loan-Backed Securities:**

The Company applies the retrospective method of revaluing loan-backed securities. The Company's loan-backed securities are revalued quarterly using actual and currently estimated future cash flows, including anticipated prepayments, with the original cost. For those securities where an other-than-temporary impairment has been recognized, the prospective method is utilized.

For collateralized mortgage obligations and asset-backed securities, the Smith Barney Mortgage Prepayment Model provided by Yield Book® is used to project prepayments whenever it is available. For pass-through certificates and when collateralized mortgage obligations and asset-backed securities are not modeled in Yield Book® or no prepayment model is provided, a consensus forecast from Bloomberg L.P. is used if available, otherwise the average three-month prepayment history is used.

When unit prices published by the Securities Valuation Office were not available, the Company used Bloomberg and Financial Times Interactive Data, as well as broker quotes in determining the fair value of its loan-backed securities.

As a result of recording other-than-temporary impairments during 2009, the Company changed from the retrospective to prospective method for valuing the securities listed below.

Cusip  
12545EAD8  
32051GJ48  
52521RAE1  
362290AP3  
36298BAG5  
073882AY8  
94983LAY3  
94984EAD4  
857689BA0

The following table provides aggregated information on structured securities classified on the basis for the recognized other-than-temporary impairments:

	<u>Amortized cost basis before other-than-temporary impairment</u>	<u>Other-than-temporary impairment recognized in loss</u>	<u>Amortized cost basis after other-than-temporary impairment</u>	<u>Fair Value</u>
Aggregate Intent & Ability to Retain	\$ 199,691,552	\$ 13,651,086	\$ 170,561,895	\$ 137,824,048

The above table does not reflect the impact of amortization and/or payment of principal that have occurred on securities that have multiple other-than-temporary impairments.

Loan-backed and structured securities with other-than-temporary impairments are as follows:

<u>Cusip</u>	<u>Amortized cost basis before other-than-temporary impairment</u>	<u>Projected Cash Flow</u>	<u>Other-than-temporary impairment recognized in loss</u>	<u>Amortized cost basis after other-than-temporary impairment</u>	<u>Fair Value</u>	<u>Impairment Quarter</u>
12545EAD8	\$ 20,934,501	\$16,645,220	\$ 4,289,281	\$ 16,645,220	\$11,778,176	Q3 - 2009
32051GJ48	23,280,783	22,148,549	1,132,234	22,148,549	17,137,085	Q3 - 2009
36298BAG5	34,074,003	33,524,092	549,911	33,524,092	24,547,714	Q3 - 2009
073882AY8	20,596,812	19,810,751	786,061	19,810,751	14,163,064	Q3 - 2009
52521RAE1	22,955,452	20,929,508	2,025,944	20,929,508	13,990,141	Q3 - 2009
362290AP3	41,907,628	41,761,117	146,511	41,761,117	34,834,253	Q3 - 2009
36298BAG5	41,907,627	41,761,117	146,510	41,761,117	22,310,107	Q3 - 2009
12545EAD8	15,939,226	15,459,935	479,291	15,459,935	11,119,490	Q4 - 2009
94983LAY3	17,234,892	16,758,673	476,219	16,758,673	12,941,325	Q4 - 2009
362290AP3	37,369,663	36,456,919	912,744	36,456,919	35,560,514	Q4 - 2009
32051GJ48	20,083,361	18,713,658	1,369,703	18,713,658	17,192,366	Q4 - 2009
36298BAG5	33,523,661	32,899,486	624,175	32,899,486	24,229,191	Q4 - 2009
073882AY8	19,182,360	18,721,842	460,518	18,721,842	12,884,905	Q4 - 2009
857689BA0	950,000	781,250	168,750	781,250	781,250	Q4 - 2009
94984EAD4	9,923,857	9,840,625	83,232	9,840,625	9,124,865	Q4 - 2009

The gross unrealized investment losses and related fair value for impaired securities for which an other-than-temporary impairment has not been recognized as a realized loss were as follows:

	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Gross Unrealized Loss</u>	<u>Fair Value</u>	<u>Gross Unrealized Loss</u>	<u>Fair Value</u>	<u>Gross Unrealized Loss</u>
Loan-backed securities	\$ -	\$ -	\$ 102,058	\$ 1,360	\$ 102,058	\$ 1,360
Structured securities	160,636,165	23,737,363	173,412,003	14,727,9566	334,048,168	38,465,319

When determining whether or not to recognize an other-than-temporary impairment, the Company considers estimated cash flows, the investee's current financial condition, liquidity, near term recovery prospects, and other relevant information, including the outlook for the business sectors in which the investee operates.

**E. Repurchase Agreements:**

Not applicable.

**F. Real Estate**

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

## G. Investments in Low-Income Housing Tax Credits (LIHTC):

The Company has investments in certain federal and state sponsored LIHTC properties. The state sponsored LIHTC property investments primarily generate premium tax credits which allow the Company to offset premium taxes in Georgia and are available through 2014.

In addition, the Company has investment interests in various National Equity Fund Limited Partnerships which are federal LIHTC investments. The credits generated from these investments primarily offset Federal income taxes and are available through 2010.

Management of the Company is not aware of any of the LIHTC investments and related properties being the subject of any federal or state regulatory reviews.

Current LIHTC investments do not exceed 10% of the Company's total net admitted assets.

## 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable.

## 7. INVESTMENT INCOME

A. Surplus excludes due and accrued investment income if amounts are over 180 days past due for mortgage loans and over 90 days past due for all other invested assets.

B. At December 31, 2009, the Company had no past due accrued investment income.

## 8. DERIVATIVE INSTRUMENTS

The Company uses exchange traded financial futures contracts (U.S. Treasury note futures contracts) in connection with macrohedges intended to reduce interest rate risk by adjusting portfolio duration. See Schedule DB - Part D for additional information.

Margin payments are required to enter a futures contract and contract gains or losses are settled daily in cash. The contract amount of futures contracts represents the extent of the Company's involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract.

The Company uses financial futures contracts as a means of hedging exposure to interest rate risk on existing assets. The Company does not hold or issue derivative instruments for trading purposes.

## 9. INCOME TAXES

A. The components of the net deferred tax asset (liability) recognized in the Company's assets, liabilities, surplus and other funds are as follows:

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Gross deferred tax assets	\$ 688,637,020	97,937,025	786,574,045	\$ 868,381,475
Statutory valuation allowance adjustment	-	-	-	-
Adjusted gross deferred tax assets	688,637,020	97,937,025	786,574,045	868,381,475
Gross deferred tax liabilities	(111,800,953)	(46,108,096)	(157,909,049)	(161,982,137)
Net deferred tax asset (liability)	576,836,067	51,828,929	628,664,996	706,399,338
Deferred tax asset nonadmitted	(200,735,811)	(47,113,808)	(247,849,619)	(459,735,523)
Net admitted deferred tax asset (liability)	376,100,256	4,715,121	380,815,377	246,663,815
(Increase) decrease in nonadmitted asset			211,885,904	(127,503,859)

The Company has elected to admit deferred tax assets (DTA) pursuant to SSAP No. 10R. The election is new for 2009.

The increase in the admitted DTA as the result of SSAP No. 10R is as follows:

	With SSAP 10R	Without SSAP 10R	Change
Admitted DTA – Ordinary	376,100,256	259,243,145	116,857,111
Admitted DTA – Capital	4,715,121	1,571,707	3,143,414
Total Admitted DTA	380,815,377	260,814,852	120,000,525

The amount of each result or component of the deferred tax calculation as determined by SSAP No. 10R paragraph 10 is as follows:

	Ordinary	Capital	Total
a. Amount from loss carryback capacity based on reversals by the end of the subsequent year	259,243,145	-	259,243,145
b. Amount after the application of a. expected to be realized subject to 10% of adjusted surplus (604,251,132)	-	1,571,707	1,571,707
c. Amount after application of a. and b. offset against DTL's	111,800,953	46,108,096	157,909,049
DTL's netted within deferred tax assets	(111,800,953)	(46,108,096)	(157,909,049)
Total Admitted Assets	259,243,145	1,571,707	260,814,852
e.i Amount from loss carryback capacity based on reversals during time periods corresponding to IRS rules not to exceed 3 years	331,011,789	-	331,011,789
e.ii Amount after the application of e.i expected to be realized subject to 15% of adjusted surplus (906,376,698)	45,088,467	4,715,121	49,803,588
e.iii Amount after application of e.i and e.ii offset against DTL's	111,800,953	46,108,096	157,909,049
DTL's netted within deferred tax assets	(111,800,953)	(46,108,096)	(157,909,049)
Total Admitted Assets	376,100,256	4,715,121	380,815,377

Risk-based capital:

	With SSAP 10R	Without SSAP 10R	Difference
Total adjusted capital	6,591,354,104	6,459,004,495	132,349,609
Authorized control level risk-based capital	1,053,917,794	1,053,858,075	59,719

B. Deferred tax liabilities not recognized for the following amounts:

As of December 31, The Company had undistributed earnings in certain foreign subsidiaries of 8,982,000. The Company does not expect those unremitted earnings to reverse and become taxable to The Company in the foreseeable future.



**NOTES TO FINANCIAL STATEMENTS**

C. The provisions for incurred taxes on earnings are as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Federal	\$ 260,748,146	\$ 235,915,491
Foreign	<u>13,477,333</u>	<u>17,862,677</u>
	274,225,479	253,778,168
Federal income tax on net capital gains	<u>(22,277,863)</u>	<u>(48,383,935)</u>
Federal and foreign income taxes incurred	<u>\$ 251,947,616</u>	<u>\$ 205,394,233</u>

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

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Deferred tax assets:		
Claims and claim adjustment expense reserves	\$ 310,467,038	\$ 326,984,113
Unearned premium reserves	144,480,591	146,922,565
Net operating loss	24,411,370	28,265,164
Nonadmitted assets	38,301,787	35,609,578
Investments	192,406,649	256,827,657
Other assets	<u>76,506,610</u>	<u>73,772,398</u>
Total deferred tax assets	786,574,045	868,381,475
Nonadmitted deferred tax assets	<u>(247,849,619)</u>	<u>(459,735,523)</u>
Admitted deferred tax assets	<u>538,724,426</u>	<u>408,645,952</u>
Deferred tax liabilities:		
Investments	126,964,404	125,297,463
Other liabilities	<u>30,944,645</u>	<u>36,684,674</u>
Total deferred tax liabilities	<u>157,909,049</u>	<u>161,982,137</u>
Net admitted tax asset	<u>\$ 380,815,377</u>	<u>\$ 246,663,815</u>

Deferred income taxes do not include any benefit from investment tax credits.

Deferred income taxes include a benefit of \$24,411,370 from net operating losses.

There are no adjustments to a deferred tax asset or deferred tax liability for enacted changes in tax laws or rates or a change in the tax status of the Company.

There are no adjustments to a deferred tax asset or deferred tax liability for enacted changes in tax laws or rates or a change in the tax status of the Company.

There are no adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset.

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

	<u>December 31, 2009</u>	<u>December 31, 2008</u>	<u>Change</u>
Total deferred tax assets	\$ 786,574,045	\$ 868,381,475	\$ (81,807,430)
Total deferred tax liabilities	<u>(157,909,049)</u>	<u>(161,982,137)</u>	4,073,088
Net deferred tax asset (liability)	<u>\$ 628,664,996</u>	<u>\$ 706,399,338</u>	(77,734,342)
Liquidation of subsidiaries			52,582,735
Tax effect of unrealized gains (losses)			(900,386)
Deferred tax change in cumulative effect			<u>11,315,559</u>
Change in net deferred income taxes			<u>\$ (14,736,434)</u>

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

	<u>December 31, 2009</u>
Pretax net income (loss)	\$ 973,941,331
Taxes at statutory rate	\$ 340,879,466
Increase (decrease) attributable to:	
Nontaxable investment income	(103,489,979)
Sale or liquidation of subsidiaries	41,948,977
Other	<u>(12,654,414)</u>
Total statutory income taxes	<u>\$ 266,684,050</u>
Federal and foreign taxes incurred	\$ 251,947,616
Change in net deferred taxes	<u>14,736,434</u>
Total statutory income taxes	<u>\$ 266,684,050</u>
Effective tax rate	27.4%

- E. 1. The Company has net operating loss carryforwards of \$69,746,769 that expires in year 2018.
2. The Company has \$266,929,455 and \$208,926,270 of federal income tax from the current and prior tax year respectively, available for recoupment in the event of future losses.
3. The Company has no protective tax deposits with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.
- F. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, The Travelers Companies, Inc. (TRV). A list of the entities included with the Company in a consolidated federal income tax return filing is attached.
2. The Company is a party to a tax allocation agreement that sets forth the manner in which total consolidated federal income tax is allocated among companies included in the consolidated return. Member companies included in the TRV consolidated return are allocated taxes annually based upon their separate taxable income. Companies with a current federal income tax receivable from TRV will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by TRV in the event the Internal Revenue Service levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

In the event that the consolidated group develops an Alternative Minimum Tax (AMT), each company with an AMT on a separate company basis will be allocated a portion of the consolidated AMT. Settlement of the AMT will be made in the same manner and timing as the regular federal income tax.

**NOTES TO FINANCIAL STATEMENTS****10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES**

- A-C. (1) On January 2, 2009 in accordance with a Plan of Merger and in connection with and as part of a series of related transactions as contemplated by and described in the "Agreement and Plan of Restructuring" dated October 15, 2008, the Company's subsidiary Seaboard Surety Company (Seaboard) merged with and into Travelers Casualty and Surety Company of America (America), with America being the surviving corporation. The statutory merger method was utilized in merging the two entities. At the time of this merger Seaboard had a statutory carrying value of \$138,731,885.

As part of these transactions the Company distributed 100% of the common shares of Seaboard to its sole shareholder and parent TRV. The transaction qualified as a tax-free spin-off distribution under Section 355 of the Internal Revenue Code and was reported as a return of capital of \$103,481,322 and a dividend of \$35,250,563 resulting in a decrease in the Company's surplus. In accordance with the "Plan of Merger, Seaboard then merged with and into America at which time all issued and outstanding shares of Seaboard were exchanged for 400 shares of America. TRV then contributed the 400 shares as a capital contribution to Travelers Property Casualty Corp. (TPC). TPC then contributed the 400 shares to Travelers Insurance Group Holdings Inc. (TIGHI) which in turn contributed the 400 shares to America's parent Travelers Casualty and Surety Company.

- (2) On October 1, 2009 in accordance with the "Articles of Merger" dated September 25, 2009, the Company's wholly-owned subsidiary St. Paul Properties, Inc. merged with the Company, with the Company being the surviving entity. St. Paul Properties, Inc 1,000 shares of common capital stock issued and outstanding were surrendered and extinguished on the effective date of the merger. As a result of this merger the following companies, 350 Market Street, English Turn Realty Management, Inc., and English Turn Fidelity Realty, Inc. became direct subsidiaries of the Company. This merger had no impact on the Company's surplus.
- (3) In September 2008, the Company received dividends totaling \$10.5 million from its wholly-owned subsidiary, Unionamerica Holdings Limited (Unionamerica). The dividends received were comprised of the following three subsidiaries, Travelers Special Services Limited, UA Combined Investment Company Limited, and MFCM Limited with statutory carrying values of \$7.5 million, \$3.0 million and \$2.7 thousand, respectively.
- (4) In December 2008, the Company sold its subsidiary Unionamerica to Royston Run-Off Limited, an unaffiliated entity. The transaction resulted in an immaterial gain to the Company.

Schedule Y - Part 2 summarizes the net flow of funds among affiliates for various types of transactions between affiliates. Regulatory prior approval and/or prior notification has been satisfied for any transaction requiring such action.

The following are general business arrangements that result in or are used for transactions with affiliates in the normal course of business:

- The principal banking functions for the property-casualty operations of TRV and some or all of its affiliated property-casualty insurance companies are handled by The Travelers Indemnity Company (Indemnity). Settlements between the companies are made at least monthly.
  - TRV maintains a private short-term investment pool, known as the Travelers Money Market Liquidity Pool (TRVMMLP), in which affiliated companies may participate. This pool is managed by Indemnity. Each company may convert its position in the pool into cash at any time and may also use its position in the pool to settle transactions with other affiliated participants in the pool. The position of each company in the pool is calculated and adjusted daily. Each participating insurance company carries its share of the pool as a short-term investment in Schedule DA. At December 31, 2009 and 2008, the TRVMMLP totaled \$4.6 billion and \$4.9 billion, respectively.
- D. (1) At December 31, 2009 and 2008, the Company had \$64,076,901 and \$164,247,727 payable to affiliates, respectively. Accounts between and among the Company and its affiliates are settled on a daily basis through the TRVMMLP or cash. Any items open at the end of the month are settled in the following month.
- (2) The Company adopted the amended guidance in SSAP No. 63 during 2008. The changes to SSAP No. 63 continue to permit the net settlement of balances resulting from an intercompany reinsurance agreement providing there is a contractual right of offset provision, but require the related amounts resulting from the reinsurance contract to be reported as an asset and/or liability.

As described in Note 25, the Company participates in an intercompany reinsurance agreement with affiliates. The Company is a party to a master netting agreement with its affiliates and continues to settle amounts due to/from affiliates on a net basis in accordance with SSAP No. 63. As a result of the change in guidance, the Company reported the respective amounts resulting from the affiliated reinsurance contracts on a gross basis as an aggregate write-in asset or liability (see Note 25).

E. Guarantees or undertakings, including the company and any affiliates:

- Effective July 7, 2006, an affiliate of the Company assumed a construction loan and the Company has guaranteed payment of the construction loan and provided indemnification to the lender in the event of environmental liabilities for which the lender is held responsible. The maximum for the construction loan was \$9.4 million and the environmental guarantee is not limited.
- In a guaranty agreement dated August 31, 2000, the Company guarantees the timely payment of all obligations of St. Paul (Bermuda) Ltd., with respect to policies of insurance issued to clients of Marsh USA Inc. up to a maximum of \$50.0 million.
- Effective May 1, 2000, the Company's wholly-owned subsidiary, United States Fidelity and Guaranty Company (USF&G) sold one of its subsidiaries, THI Holdings, Inc. USF&G agreed to indemnify the purchaser from certain liabilities in connection with the sale, and the Company agreed to guarantee those obligations.
- In a guaranty agreement dated July 1, 2000, the Company guarantees the payment of USF&G's obligations under insurance and reinsurance contracts issued by USF&G on or after the date of the agreement. The company may terminate this guaranty at any time upon 90 days prior notice or other specified circumstances.
- Effective September 30, 1997, the Company entered into an unconditional guaranty that St. Paul Medical Liability Insurance Company, a downstream subsidiary, would maintain required capital and surplus, each in the amount of \$2.5 million, as a condition of becoming licensed in the State of Maine.
- Effective May 15, 1996, the Company provided a guaranty of the performance by its wholly-owned subsidiary, Seaboard, a New York domiciled insurance company, of all Seaboard's financial obligations arising out of its insurance or reinsurance contracts. The guaranty may be amended at any time upon three months' prior notice. On January 2, 2009, Seaboard was merged into America. The terms of the guarantee remain in effect.
- Effective December 10, 1993, the Company has guaranteed the performance by St. Paul Travelers International Insurance Company Limited (St. Paul Limited), an affiliate incorporated in England, of all St. Paul Limited's obligations arising out of its insurance or reinsurance contracts. Effective March 1, 2006, these guarantees were amended whereby the Company may terminate them at any time upon twelve months prior notice. Effective December 31, 2007, pursuant to the order of English Court, made on December 31, 2007, under Part VII of the Financial Services & Markets Act, obligations relating to certain business as of December 31, 2007, were transferred to Unionamerica Insurance Company Limited (Unionamerica), an affiliate of St. Paul Limited. This resulted in those obligations no longer being covered by the guarantees. The guarantees will remain in force, however, for the obligations arising out of insurance or reinsurance contracts not transferred to Unionamerica and for business subsequently written by St. Paul Limited. In December 2008, Unionamerica was sold to an unaffiliated entity. See note 10A for further discussion.
- Effective September 28, 1993, the Company guaranteed the performance by St. Paul Reinsurance Company Limited (St. Paul Re Ltd.), an affiliate incorporated in England, of all of St. Paul Re Ltd.'s obligations arising out of its insurance or reinsurance contracts. The Company could terminate this guarantee at any time upon six months prior notice. Effective June 15, 2007, the guarantee was terminated prospectively but the guarantee remained in force with respect to prior obligations of St. Paul Re Ltd. Pursuant to the order of English Court made on December 13, 2007, under Part VII of the Financial Services & Markets Act, all relevant obligations of St. Paul Re Ltd, as of December 31, 2007, were transferred to

**NOTES TO FINANCIAL STATEMENTS**

Unionamerica, an affiliate of St. Paul Ltd. This resulted in the transferred obligations no longer being covered by the guarantee. In December 2008, Unionamerica was sold to an unaffiliated entity. See note 10A for further discussion.

9. The Company guaranteed the timely payment of Discover Reinsurance Company's (Discover Re) obligations with respect to all insurance policies and reinsurance policies issued by Discover Re. On October 1, 2007, Discover Re was merged into The Indemnity. The merger resulted in the automatic termination of the guarantee with respect to any future claims. However, the Company continues to guarantee to Indemnity all obligations of Discover Re incurred before the termination date.

10. In a guarantee agreement dated February 9, 2009, the Company has guaranteed certain pension obligations of Travelers Special Services Limited, a wholly-owned subsidiary. The guarantee is not limited in amount and expires once all obligations have been met.

11. The Company is the owner of all the beneficial interests represented by common securities of three business trusts. The trusts exist for the sole purpose of issuing capital securities and common securities and investing the proceeds thereof in deferrable interest junior subordinated debentures. These debentures are held by TRV. The Company fully, irrevocably and unconditionally guaranteed all of the trusts obligations under the capital securities and guarantees the repayment of the subordinated debentures by its parent to the respective trusts.

F. Material management or service contracts and cost sharing arrangements, involving the Company or any affiliate, other than cost allocation arrangements:

TYPE OF CONTRACT AND DESCRIPTION	SERVICING COMPANY	OTHER PARTY
Expense Allocation	The Travelers Indemnity Company	Travelers P&C <sup>1</sup>
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C <sup>1</sup>

<sup>1</sup> "Travelers P&C" includes The Travelers Indemnity Company and some or all of its insurance subsidiaries and affiliates.

G. All of the issued and outstanding common stock of the Company is owned by TRV, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.

H. Not applicable.

I. The Company owns 100% of USF&G, whose carrying value exceeds 10% of the admitted assets of the Company. The Company carries its investment in USF&G at USF&G's statutory equity. The statement value of USF&G assets and liabilities as of December 31, 2009 were \$4.6 billion and \$2.2 billion, respectively. USF&G's net income was \$212.3 million for the year ended December 31, 2009.

J. Not applicable.

K. Not applicable.

L. The Company directly owns Northbrook Holdings, Inc. (Northbrook), a downstream noninsurance holding company. Northbrook directly owns Discover Property & Casualty Insurance Company (DPCIC), an Illinois domiciled insurance company, and St. Paul Protective Insurance Company (SPPIC), an Illinois domiciled insurer.

(1) The carrying value of the Company's investment in Northbrook was \$295,060,839 at December 31, 2009.

(2) The Company has not obtained an audit of Northbrook's financial statements.

(3) The Company has limited the carrying value of its investment in Northbrook to the value contained in the statutory audited financial statements of DPCIC and SPPIC, including any adjustments required by SSAP 97, *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88*.

(4) Northbrook does not have any material assets other than the ownership of its insurance subsidiaries. Northbrook does not have any material direct liabilities, commitments, contingencies, guarantees or obligations that are required to be reported.

## 11. DEBT

Not applicable.

## 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Benefit Plans:

Not applicable.

B. Defined Contribution Plans:

Not applicable.

C. Multiemployer Plans:

Not applicable.

D. Consolidated/Holding Company Plans:

1. Employee Retirement Plans:

The Company participates in a qualified noncontributory defined benefit pension plan in the form of a cash balance sponsored by TRV for substantially all employees of the Company and its property-casualty affiliates. In addition the Company participates in a nonqualified defined benefit pension plan sponsored by TRV which covers certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the pension expense was \$9,539,729 and \$8,461,728 for 2009 and 2008, respectively.

2. Postretirement Benefit Plan:

The Company participates in a health care and life insurance benefit plan sponsored by TRV for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the postretirement benefit expense was \$3,505,083 and \$2,341,345 for 2009 and 2008, respectively.

3. Deferred Compensation Plans:

The Company participates in a 401(k) savings plan sponsored by TRV for substantially all employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of expense for this

**NOTES TO FINANCIAL STATEMENTS**

plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the 401(k) savings plan expense was \$22,015,975 and \$20,213,797 for 2009 and 2008, respectively.

## E. Postemployment Benefits and Compensated Absences:

Not applicable.

## F. Impact of Medicare Modernization Act on Postretirement Benefits:

Not applicable.

## 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

The Company has 200,000 shares of common capital stock authorized, issued and outstanding with a par value of \$100 per share.

On January 2, 2009 the Company distributed 100% of the common shares of Seaboard to its sole shareholder and parent TRV. The transaction qualified as a tax-free spin-off distribution under Section 355 of the Internal Revenue Code and was reported as a return of capital of \$103,481,322 and a dividend of \$35,250,563. In addition, the Company paid extraordinary dividends of \$638.8 million and ordinary dividends of \$675.2 million to TRV in 2009. In 2008 the Company paid ordinary dividends of \$1.1 billion to TRV.

Dividends to shareholders and the proportion of the profits of the Company that may be paid to shareholders are not limited by charter. The maximum amount of dividends which can be paid by Minnesota insurance companies to shareholders without prior approval of the Minnesota Department of Commerce is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to shareholders that can be made by the end of 2010 without prior approval is \$721,993,000. However, TRV may decide to accelerate the timing within 2010 and/or increase the amount of dividends from its subsidiaries in 2010 which could result in certain of the Company's dividends being subject to approval by the Minnesota Insurance Department.

There are no restrictions on the use of the Company's unassigned surplus and such surplus is held for the benefit of the shareholder.

The change in the balance of special surplus from retroactive reinsurance is a result of ongoing activity occurring in 2009. See Note 22F for additional detail. In addition, special surplus was generated in 2009 from the Company's adoption of SSAP No. 10R. These additional admitted DTA's are segregated as an aggregate write-in for special surplus funds. See Note 9 for additional detail.

Unassigned funds or surplus has been increased by cumulative net unrealized gains of \$1,681,435,596.

## 14. CONTINGENCIES

## A. Contingent Commitments:

At December 31, 2009, the Company had commitments to fund investments of \$551.2 million.

## B. Assessments:

The Company has accrued liabilities of \$72.5 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$1.5 million at December 31, 2009. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

At December 31, 2009, the Company had no assessment liability related to the Texas Windstorm Insurance Association. A premium tax recoverable asset of \$3.9 million related to 2008 payments remains and is expected to be realized over a period of four or more years.

## C. Gain Contingencies:

Not applicable.

## D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits:

The Company paid \$153,500 in the reporting period on two claims to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits. The claim count information provided herein is disclosed on a per claim direct basis.

## E. All Other Contingencies:

The Company has purchased annuities from life insurance companies to fund structured settlements. For a discussion of the Company's contingent liabilities for structured settlements, see Note 26.

In the process of selling business entities to third parties, the Company has agreed to indemnify purchasers for losses arising out of breaches of representations and warranties with respect to the business entities being sold, covenants and obligations of the Company and/or its subsidiaries following the close, and in certain cases obligations arising from undisclosed liabilities, imposition of additional taxes due to either a change in the tax law or an adverse interpretation of the tax law. Such indemnification provisions generally survive for periods ranging from the applicable closing date to the expiration of the relevant statutes of limitations, no term or in some cases agreed upon limitations. Certain of these contingent obligations are subject to deductibles which have to be incurred by the obligee before the Company is obligated to make payments.

In the ordinary course of business, the Company is a defendant or codefendant in various litigation matters. Although there can be no assurances, as of December 31, 2009, the Company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on its net income, financial condition or liquidity.

For a discussion of contingencies related to asbestos and environmental reserves, see Note 32.

## 15. LEASES

## A. Lessee Leasing Arrangements:

1. At December 31, 2009, the Company is a party to various lease agreements for office space and office equipment. The office space and office equipment leases are for various periods of time. Total rental expense under operating leases for the Company for 2009 and 2008 was \$10,475,455 and \$13,981,162, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement.

There are numerous leases with renewal terms, none of which are material to the Company.

2. Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled \$20,054,566 at December 31, 2009. Future minimum rental payments for each of the five succeeding years are as follows:

<u>Year</u>	<u>Operating Leases</u>
2010	\$ 8,974,855
2011	4,860,312
2012	3,857,231
2013	1,537,964
2014	276,099

**NOTES TO FINANCIAL STATEMENTS**

At December 31, 2009, aggregate future minimum rental payments to be received by the Company under noncancelable subleases totaled \$ 1,582,818.

3. Sale-Leaseback Transactions:

Not applicable.

B. Lessor's Business Activities:

The Company maintains investments in commercial real estate. The land is carried at cost and the buildings at cost less accumulated depreciation and related encumbrances. The buildings are depreciated on a straight-line basis over a period of up to 39 years. The accumulated depreciation on real estate held for the production of income was \$325,776,605 and \$295,648,324 as of December 31, 2009 and 2008, respectively. On December 31, 2009, the Company has minimum annual lease payments receivable under noncancelable leasing arrangements as follows:

<u>Year</u>	<u>Operating Leases</u>
2010	\$ 108,981,910
2011	84,106,224
2012	59,821,201
2013	42,924,804
2014	32,049,643
2015 and later years	49,575,225

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

In the normal course of business, the Company has unfunded commitments to partnerships, limited liability companies, and venture capital entities. The off-balance-sheet risks of these financial instruments were \$551.2 million at December 31, 2009.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. Transfers of Receivables Reported as Sales:

Not applicable.

B. Transfer and Servicing of Financial Assets:

The Company engages in securities lending activities from which it generates net investment income from the lending of certain of its investments to other institutions for short periods of time. Borrowers of these securities provide collateral equal to at least 102% of the market value of the loaned securities plus accrued interest. This collateral is held by a third party custodian, and the Company has the right to access the collateral only in the event that the institution borrowing the Company's securities is in default under the lending agreement. Therefore, the Company does not recognize the receipt of the collateral held by the third party custodian or the obligation to return the collateral. The loaned securities remain a recorded asset of the Company. The Company accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury repurchase agreements. See Schedule LS for additional information.

C. Wash Sales:

Not applicable.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable.

19. DIRECT PREMIUMS WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company did not have any direct premiums written through managing general agents (as defined in Appendix A-225 of the NAIC *Accounting Practices and Procedures Manual*) or third party administrators.

20. OTHER ITEMS

A. Extraordinary Items:

Not applicable.

B. Troubled Debt Restructuring:

Not applicable.

C. Other Disclosures:

The Company elected to use rounding in reporting amounts in this statement.

2009 Schedule P:

The 1999 and prior "Total Net Losses and Expenses Unpaid" (Schedule P - Part 1, Column 24, Line 1) is separately reported to accident year as follows (in thousands):

Schedule P	<u>Accident Years</u>				
	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995 &amp; Prior</u>
Part 1A	\$ (6)	\$ 161	\$ 270	\$ 102	\$ 962
Part 1B	(326)	343	367	233	69,686
Part 1C	2,744	1,020	(34)	682	4,421
Part 1D	83,120	91,717	72,920	63,522	839,282
Part 1E	17,054	11,701	7,965	5,876	75,247
Part 1F - Section 1	922	1,950	265	193	3,450
Part 1F - Section 2	4,570	2,071	2,651	2,151	5,197
Part 1G	1,401	1,206	691	630	4,848
Part 1H - Section 1	37,688	22,397	11,649	13,089	658,016
Part 1H - Section 2	6,525	3,156	3,733	3,005	18,242
Part 1M	173	-	-	-	51
Part 1N	879	618	546	208	702
Part 1O	18,460	14,380	6,647	4,239	153,828
Part 1P	637	279	342	267	103
Part 1R - Section 1	22,006	9,983	6,268	6,104	334,799
Part 1R - Section 2	650	91	383	191	2,379

**NOTES TO FINANCIAL STATEMENTS**

The following loss and/or LAE reserves have been assumed / (ceded) under retroactive reinsurance agreements. They are reported here by line of business and accident year to facilitate loss discounting under Internal Revenue Code Section 846 (in thousands):

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Commercial Auto	\$ (248)	\$ (415)	\$ (39)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	(2,504)	(1,673)	(473)	(15,847)	-	(359)	-	-	-
Commercial Multiple Peril	-	-	-	-	-	-	-	-	-
Medical Malpractice – CM	-	-	(11,519)	-	-	-	-	-	-
Special Liability	(7)	-	-	-	-	-	-	-	-
Other Liability – Occ	(2,076)	-	-	-	-	-	-	-	(48)
Other Liability – CM	(1,039)	(3,304)	-	-	-	-	-	-	-
Special Property	(21)	-	-	-	-	-	-	-	-
Other	(2)	-	-	-	-	-	-	-	-
Reinsurance A	(191)	-	-	-	-	-	-	-	-
Reinsurance B	(2,369)	-	-	-	-	-	-	-	-

## D. Uncollectible Premium Balances:

Not applicable.

## E. Business Interruption Insurance Recoveries:

Not applicable.

## F. State Transferable Tax Credits:

Not applicable.

## G. Subprime Mortgage Related Risk Exposure:

The Company defines exposure to subprime mortgage-backed securities as investments which contain loans to borrowers that exhibit one or more of the following characteristics at the time of issuance:

- low FICO scores,
- above prime interest rates,
- high loan-to-value ratios,
- high debt-to-income ratios,
- low loan documentation (e.g. limited or no verification of income and assets), or
- other characteristics that are inconsistent with conventional underwriting standards employed by government sponsored mortgage entities.

In addition, because of their high loan-to-value ratios, the Company has categorized second-lien mortgage-backed securities as subprime, regardless of the credit characteristics of the borrower on the underlying mortgage.

The Company reviews the credit characteristics of the loans that back these mortgage-backed securities when making the determination to categorize them as subprime exposure. Since the primary purpose of the investment portfolio is to fund future claim payments, the Company employs a conservative investment philosophy. In applying this philosophy to structured securities, including subprime mortgage-backed securities, the Company favors the purchase of senior credit tranches over junior or leveraged credit tranches.

Overall exposure to subprime mortgage-backed securities is sufficiently small in that the Company would likely have other securities available for liquidity needs. The Company utilizes discounted cash flow valuation analysis in its regular, ongoing review of its existing subprime mortgage portfolio, as well as in its analysis of subprime mortgage-backed bonds for purchase. Based upon the credit performance of mortgages within each securitization, the Company projects voluntary prepayments, defaults and loss severity to estimate any expected losses. To date, the Company has not impaired any bonds in its existing subprime mortgage-backed portfolio.

Exposure through investments in subprime securities directly held by the Company is as follows:

a. Actual cost	\$34,166,774
b. Book adjusted carrying value	34,309,157
c. Fair value	35,398,959

## 21. EVENTS SUBSEQUENT

Not applicable.

## 22. REINSURANCE

## A. Unsecured Reinsurance Recoverables:

## 1. Affiliated Company Recoverables:

The Company participates in the Travelers Reinsurance Pool (TRV Pool) (see Note 25) and/or other reinsurance programs with affiliates and takes credit for reinsurance ceded directly and indirectly to these companies. The unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums at December 31, 2009, in connection with reinsurance agreements among affiliated insurers, were as follows:

Reinsurance balances ceded to affiliates and recoverable by The Travelers Indemnity Company (06-0566050):

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 11,032,692,004
Travelers Casualty and Surety Company	06-6033504	9,058,268,452
The Phoenix Insurance Company	06-0303275	2,224,118,484
The Standard Fire Insurance Company	06-6033509	2,152,946,693
United States Fidelity and Guaranty Company	52-0515280	1,962,111,332
Travelers Casualty Insurance Company of America	06-0876835	1,214,515,655
Farmington Casualty Company	06-1067463	658,339,071
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	609,408,465
The Travelers Indemnity Company of Connecticut	06-0336212	609,408,465
The Charter Oak Fire Insurance Company	06-0291290	564,926,095
Northland Insurance Company	41-6009967	542,690,364
St. Paul Surplus Lines Insurance Company	41-1230819	391,444,853
The Travelers Indemnity Company of America	58-6020487	342,514,247
St. Paul Protective Insurance Company	36-2542404	257,997,744
Northfield Insurance Company	41-0983992	231,308,322
Travelers Casualty Company of Connecticut	06-1286266	209,067,137
Travelers Commercial Casualty Company	95-3634110	209,067,137

**NOTES TO FINANCIAL STATEMENTS**

Travelers Commercial Insurance Company	06-1286268	209,067,137
St. Paul Mercury Insurance Company	41-0881659	177,929,476
Travelers Property Casualty Company of America	36-2719165	160,136,531
Travelers Property Casualty Insurance Company	06-1286274	133,447,109
Athena Assurance Company	41-1435765	128,998,873
St. Paul Medical Liability Insurance Company	41-1435766	128,998,873
Travelers Personal Security Insurance Company	06-1286264	120,102,398
Travelers Personal Insurance Company	36-3703200	120,102,398
Travelers Excess and Surplus Lines Company	06-1203698	120,102,398
TravCo Insurance Company	35-1838077	120,102,398
The Travelers Home and Marine Insurance Company	35-1838079	120,102,398
Discover Property & Casualty Insurance Company	36-2999370	62,275,318
Discover Specialty Insurance Company	52-1925132	62,275,318
Northland Casualty Company	94-6051964	62,275,318
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	44,482,369
American Equity Specialty Insurance Company	86-0868106	44,482,369
St. Paul Guardian Insurance Company	41-0963301	44,482,369
Total		<u>\$ 34,130,187,570</u>

Reinsurance balances assumed by The Travelers Indemnity Company and recoverable by the following affiliated insurers:

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
Travelers Property Casualty Company of America	36-2719165	\$ 8,878,009,110
St. Paul Fire and Marine Insurance Company	41-0406690	7,929,726,233
Travelers Casualty and Surety Company	06-6033504	4,448,210,363
United States Fidelity and Guaranty Company	52-0515280	2,842,379,459
The Travelers Indemnity Company of America	58-6020487	2,505,407,835
St. Paul Mercury Insurance Company	41-0881659	2,353,813,082
The Travelers Indemnity Company of Connecticut	06-0336212	2,325,601,866
The Charter Oak Fire Insurance Company	06-0291290	1,978,632,366
The Standard Fire Insurance Company	06-6033509	1,794,787,844
The Phoenix Insurance Company	06-0303275	1,601,694,247
The Travelers Home and Marine Insurance Company	35-1838079	1,225,224,985
Discover Property & Casualty Insurance Company	36-2999370	900,601,147
Travelers Casualty Insurance Company of America	06-0876835	814,770,798
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	782,436,832
St. Paul Surplus Lines Insurance Company	41-1230819	739,229,963
Northland Insurance Company	41-6009967	651,457,145
Farmington Casualty Company	06-1067463	497,794,928
Travelers Property Casualty Insurance Company	06-1286274	298,018,983
St. Paul Guardian Insurance Company	41-0963301	271,588,342
TravCo Insurance Company	35-1838077	241,998,880
Travelers Commercial Insurance Company	06-1286268	228,129,749
Northfield Insurance Company	41-0983992	197,833,053
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	189,409,317
Travelers Excess and Surplus Lines Company	06-1203698	166,996,669
St. Paul Protective Insurance Company	36-2542404	145,402,383
Travelers Commercial Casualty Company	95-3634110	135,691,194
Travelers Personal Security Insurance Company	06-1286264	107,583,943
Travelers Personal Insurance Company	36-3703200	95,662,774
Travelers Casualty Company of Connecticut	06-1286266	87,336,175
St. Paul Medical Liability Insurance Company	41-1435766	71,051,867
Athena Assurance Company	41-1435765	39,093,036
Discover Specialty Insurance Company	52-1925132	29,363,863
Northland Casualty Company	94-6051964	19,077,720
American Equity Specialty Insurance Company	86-0868106	18,002,285
Total		<u>\$ 44,612,018,436</u>

2. Unaffiliated Company Recoverables:

The unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums recoverable from any unaffiliated reinsurer at December 31, 2009, that exceeded 3% of the Company's surplus as regards policyholders, were as follows:

NONE

Additional detail on reinsurance recoverable balances by reinsurer is shown in Schedule F - Part 3.

B. Reinsurance Recoverable in Dispute:

Not applicable.

C. Reinsurance Assumed and Ceded:

1.	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
Affiliates	\$ 1,990,079,116	\$ 284,596,390	\$ 578,787,310	\$ 82,770,970	\$ 1,411,291,806	\$ 201,825,420
All Other	<u>26,938,967</u>	<u>3,852,476</u>	<u>18,036,442</u>	<u>2,579,348</u>	<u>8,902,525</u>	<u>1,273,128</u>
Total	<u>\$ 2,017,018,083</u>	<u>\$ 288,448,866</u>	<u>\$ 596,823,752</u>	<u>\$ 85,350,318</u>	<u>\$ 1,420,194,331</u>	<u>\$ 203,098,548</u>

Direct Unearned Premium Reserve \$ 643,644,651

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$21,089,556 at December 31, 2009. This balance represents the Company's 24.79% pro rata share of the net amount of the TRV Pool (see Note 25):

Direct Business	\$ 9,988,291
Add: Reinsurance Assumed	17,713,064
Less: Reinsurance Ceded	<u>6,611,799</u>
Net	<u>\$ 21,089,556</u>

D. Uncollectible Reinsurance:

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

## E. Commutation of Ceded Reinsurance:

Not applicable.

## F. Retroactive Reinsurance:

1.	Assumed	Ceded
a. Reserves Transferred:		
(1) Initial Reserves	\$ 2,330,260	\$124,868,983
(2) Adjustments - Prior Year(s)	384,911	53,114,600
(3) Adjustments - Current Year	<u>(531,712)</u>	<u>(4,580,242)</u>
(4) Current Total	<u>\$ 2,183,459</u>	<u>\$173,403,341</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,591,816	\$111,093,969
(2) Adjustments - Prior Year(s)	-	13,300,080
(3) Adjustments - Current Year	-	<u>(1,626)</u>
(4) Current Total	<u>\$ 2,591,816</u>	<u>\$ 124,392,423</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 1,560,318	\$115,484,619
(2) Current Year	<u>46,674</u>	<u>15,220,390</u>
(3) Current Total	<u>\$ 1,606,992</u>	<u>\$130,705,009</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 261,556	\$ 13,775,014
(2) Adjustments - Prior Year(s)	(384,911)	39,814,520
(3) Adjustments - Current Year	<u>531,712</u>	<u>(4,578,616)</u>
(4) Current Year Restricted Surplus	<u>\$ 1,005,256</u>	<u>\$ 35,821,713</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ (596,899)</u>	<u>\$ 13,189,205</u>
e. List the other insurers included in the above transactions:		

Company	Assumed	Ceded
Munich Reinsurance America, Inc. (10227)	\$ 1,586,560	\$ -
Parktown Insurance Company Ltd.	596,899	-
Commercial Risk Re-Insurance Co. (27955)	-	3,272,280
Everest Reinsurance Co. (26921)	-	18,042
XL Reinsurance America (13-1290712)	-	17,490,272
General Reinsurance Corporation (22039)	-	74,370,000
nSpire Re Limited (AA-1784124)	-	19,766,044
Platinum Underwriters Reinsurance Inc. (10357)	-	28,620,544
Various	-	<u>29,866,159</u>
Total	<u>\$ 2,183,459</u>	<u>\$173,403,341</u>

## f. Paid Loss/LAE Recoverable:

Company	Paid Loss/LAE Recoverables	Amount Over 90 Days Past Due	Collateral Held
Platinum Underwriters Reinsurance Inc. (10357)	\$ 221,791	\$ -	\$ -
nSpire Re Limited (AA-178412)	-	-	5,018,964
Various	<u>427,166</u>	<u>334</u>	<u>39,849</u>
Total	<u>\$ 648,957</u>	<u>\$ 334</u>	<u>\$ 5,058,813</u>

## G. Reinsurance Accounted for as a Deposit:

The Company entered into an assumed reinsurance contract agreement ultimately determined to be of a deposit type nature on January 1, 2001. This is a whole account stoploss covering all business allocated to the reinsured's marine hull and marine excess of loss account.

Year	Deposits Received	Interest Income/ (Expense)	Cash Payments	Deposit Balance Asset/(Liability)
1999	\$ (254,300)	\$ (1,290,000)	-	\$ (1,544,300)
2000	-	-	-	(1,544,300)
2001	-	-	-	(1,544,300)
2002	-	(128,000)	-	(1,672,300)
2003	-	-	-	(1,672,300)
2004	-	-	-	(1,672,300)
2005	-	-	\$ 326,376	(1,345,924)
2006	-	-	494,769	(851,155)
2007	-	-	65,102	(786,053)
2008	-	-	-	(786,053)
2009	-	-	-	(786,053)

The Company entered into several ceded reinsurance arrangements which provided coverage for certain workers' compensation, employers liability and automobile liability policies issued by the Company. Given the contract terms and results of the Company's cash flow analyses, it was subsequently determined that the agreements did not fulfill the risk transfer requirements of SSAP No. 62 so they are now being accounted for as deposits.

Year	Deposits Received	Interest Income/ (Expense)	Cash Payments	Deposit Balance Asset/(Liability)
2005	\$ 873,720	\$26,680,680	\$ (494,109)	\$ 27,060,291
2006	148,015	1,845,526	(6,006,897)	23,046,935
2007	-	(1,424,040)	(6,327,360)	15,295,535
2008	40,650	(50,387)	(6,038,558)	9,247,240
2009	97,540	(91,588)	(1,086,533)	8,166,659



**NOTES TO FINANCIAL STATEMENTS****23. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION**

A. Accrued retrospective premiums (Page 2, Line 13.3) have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts. Ten percent of the amount not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted. The amount shown in Part D below is the Company's proportionate share of the accrued retrospective premiums of the TRV Pool (see Note 25).

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

C. See Schedule P - Part 7A.

D. Calculation of nonadmitted retrospective premium:

1. Total accrued retrospective premium	\$120,357,927
2. Unsecured amount	5,031,046
3. Less: Nonadmitted amount (10%)	<u>503,105</u>
4. Admitted amount (1) - (3)	<u>\$119,854,822</u>

**24. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

In 2009, the prior year-end total loss and loss adjustment expense reserves developed favorably by \$288,833,657, resulting from better than expected loss development for recent accident years in the other liability – occurrence, commercial multi-peril, homeowners, commercial auto liability, workers' compensation, and special property lines, partially offset by deterioration in the other liability – claims made line. The improvement in the other liability – occurrence and commercial multi-peril lines was attributable to several factors, including improved legal and judicial environments, as well as enhanced risk control, underwriting and claim process initiatives. This was partially offset by unfavorable development in asbestos and environmental reserves. The improvement in the homeowners line primarily reflected favorable loss experience related to Hurricanes Katrina and Ike, and the 2007 California wildfires. The commercial auto liability line of business experienced better than expected loss development which was attributable to more favorable legal and judicial environments, claim handling initiatives focused on the automobile line of insurance and improvements in auto safety technology. The favorable development in the workers' compensation line was attributable to improvement in adjusting and other loss adjustment expenses and better than expected experience for tabular claims. The improvement in the special property line reflected better than expected development for certain large property and inland marine exposures in the 2007 and 2008 accident years, and favorable litigation environment relating to, and ongoing claim settlements for, Hurricane Katrina. The deterioration in the other liability – claims made line resulted from unfavorable loss emergence for professional liability coverages, primarily errors & omissions (E&O).

The above changes include a reclassification of IBNR reserves: commercial auto liability and other liability – occurrence IBNR reserves have been decreased and increased by \$25,533,700, respectively, to correct a classification error at December 31, 2008. This reclassification had no impact to total reserves.

The remaining changes are generally the result of ongoing analyses of recent loss data and trends. A portion of the change from prior year effects relates to retrospectively rated policies and will not have a material impact on surplus due to accompanying premium adjustments.

**25. INTERCOMPANY POOLING ARRANGEMENTS**

The Company is a participant in the TRV Pool, an intercompany pooling arrangement. The lead company of the TRV Pool is Indemnity. Under the terms of the arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with Indemnity. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by Indemnity is then retroceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of Indemnity and are not allocated to the other pool participants.

The names, NAIC company codes and intercompany pool percentages of the companies participating in the TRV Pool are as follows:

TRV Pool Participant	NAIC Company Code	Pool Participation %
St. Paul Fire and Marine Insurance Company	24767	24.79
The Travelers Indemnity Company	25658	23.29
Travelers Casualty and Surety Company	19038	20.36
The Phoenix Insurance Company	25623	5.00
The Standard Fire Insurance Company	19070	4.84
United States Fidelity and Guaranty Company	25887	4.41
Travelers Casualty Insurance Company of America	19046	2.73
Farmington Casualty Company	41483	1.48
The Automobile Insurance Company of Hartford, Connecticut	19062	1.37
The Travelers Indemnity Company of Connecticut	25682	1.37
The Charter Oak Fire Insurance Company	25615	1.27
Northland Insurance Company	24015	1.22
St. Paul Surplus Lines Insurance Company	30481	0.88
The Travelers Indemnity Company of America	25666	0.77
St. Paul Protective Insurance Company	19224	0.58
Northfield Insurance Company	27987	0.52
Travelers Casualty Company of Connecticut	36170	0.47
Travelers Commercial Casualty Company	40282	0.47
Travelers Commercial Insurance Company	36137	0.47
St. Paul Mercury Insurance Company	24791	0.40
Travelers Property Casualty Company of America	25674	0.36
Travelers Property Casualty Insurance Company	36161	0.30
Athena Assurance Company	41769	0.29
St. Paul Medical Liability Insurance Company	41750	0.29
TravCo Insurance Company	28188	0.27
Travelers Excess and Surplus Lines Company	29696	0.27
The Travelers Home and Marine Insurance Company	27998	0.27
Travelers Personal Security Insurance Company	36145	0.27
Travelers Personal Insurance Company	38130	0.27
Discover Property & Casualty Insurance Company	36463	0.14
Discover Specialty Insurance Company	10213	0.14
Northland Casualty Company	24031	0.14
American Equity Specialty Insurance Company	10819	0.10
Fidelity and Guaranty Insurance Underwriters, Inc.	25879	0.10
St. Paul Guardian Insurance Company	24775	0.10

All of the above TRV Pool companies are party to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have contractual rights of direct recovery from the non-affiliated reinsurers under the terms of such reinsurance agreements.

As of December 31, 2009 the Company had \$52,165,619 payable to Indemnity as a result of its intercompany pooling transactions which settled in January 2010.

**NOTES TO FINANCIAL STATEMENTS****26. STRUCTURED SETTLEMENTS**

The Company has purchased annuities from life insurance companies, under which the claimant is the payee and the Company is the owner of the annuity contract, to fund structured settlements. These annuity contracts are now the direct responsibility of the life insurance companies from whom they have been purchased and claims settled by the purchase of such annuity contracts are treated as closed claims.

The following life insurance companies held reserves at December 31, 2009, for structured settlement annuities purchased by members of the TRV Pool (see Note 25), of which \$743,032,861 is attributable to the Company:

<u>Life Insurance Company and Location</u>	<u>Licensed in Company's State of Domicile</u>	<u>Statement Value of Annuities</u>
OM Financial Life Insurance Company, Baltimore, MD	Yes	\$674,237,376
MetLife Insurance Company of Connecticut, Bloomfield, CT	Yes	456,953,309
Genworth Life and Annuity Insurance Company, Richmond, VA	Yes	264,252,171
Symetra Life Insurance Company, Bellevue, WA	Yes	257,419,546
All other companies		1,344,446,436

**27. HEALTH CARE RECEIVABLES**

Not applicable.

**28. PARTICIPATING POLICIES**

Not applicable.

**29. PREMIUM DEFICIENCY RESERVES**

As of December 31, 2009, the Company had liabilities of \$0 related to premium deficiency reserves. See Note 1 Part C, regarding the consideration of investment income in the calculation of this premium deficiency reserve.

**30. HIGH DEDUCTIBLES**

At December 31, 2009, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$1,957,311,876 and the amount billed and outstanding on paid claims was \$17,751,554. These amounts represent the Company's proportionate share of the TRV Pool (see Note 25).

**31. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES**

A. Except for certain third party administered claims, tabular workers' compensation case reserves have been discounted in accordance with the various state laws under which the benefits are paid. The tabular case reserves, as included in Schedule P, reflect a discount rate of 3.5% or as specified by state requirements, generally using the following United States Life Tables:

Non-Fatal Cases:	United States Life Tables Total Population 1969-71 – MI
	United States Life Tables Total Population 1979-81 – TX
	United States Life Tables Total Population 1999 – FL, NJ & NY
	United States Life Tables Total Male or Total Female 1989-91 – CA
	United States Life Tables Total Male or Total Female 2003 – MA
	United States Life Tables Total Male or Total Female 2000 – MN
	United States Life Tables Total Male or Total Female 1999 – all other states
Fatal Cases:	United States Life Tables Total Female 1969-71 – MI *
	United States Life Tables Total Female 1979-81 – TX *
	United States Life Tables Total Female 1989-91 – CA *
	United States Life Tables Total Female 2003 – MA *
	* and the 1979 NCCI Remarriage Table
	New York Mandated Mortality & Remarriage Table – NY
	United States Life Tables Total Female 2000 – MN **
	United States Life Tables Total Female 1999 – all other states **
	** and the Railroad Retirement Board Remarriage Table

Other liability reserves relating to excess coverage on workers' compensation life table claims have been discounted on the same basis as workers' compensation reserves.

The Company's develops loss reserve estimates for workers' compensation tabular claims that are expectations of what the ultimate settlement costs for these claims will be upon final resolution in the future. These estimates are based on the Company's assessment of facts and circumstances currently known and, using Company experience, multiple actuarial estimation methods. This includes estimates of payment patterns reflecting actual mortality, morbidity and settlement history that relate both to claims currently identified as tabular as well as claims not yet identified as tabular ("IBNR" tabular). The total reserves and the corresponding discount that the Company has established for these claims reflects these multiple estimation methods, payment patterns and a discount rate of 5%. The liabilities and discount amounts shown below reflect estimates of the ultimate liability for tabular claims. Furthermore, the case vs. IBNR discount amounts shown below each reflects estimates of the ultimate resolution costs for these claims: case amounts for claims already identified as tabular; IBNR amounts for claims yet to be identified as tabular.

The December 31, 2009 liabilities of the Company and its affiliates listed below included the following amounts of such discounted liabilities:

<u>Company</u>	<u>Workers' Compensation</u>	<u>Other Liability</u>
St. Paul Fire and Marine Insurance Company	\$ 425,707,279	\$ 14,308,289
The Travelers Indemnity Company	399,948,467	13,442,522
Travelers Casualty and Surety Company	349,632,924	11,751,385
The Phoenix Insurance Company	85,862,702	2,885,900
The Standard Fire Insurance Company	83,115,096	2,793,551
United States Fidelity and Guaranty Company	75,730,903	2,545,364
Travelers Casualty Insurance Company of America	46,881,035	1,575,701
Farmington Casualty Company	25,415,360	854,226
The Automobile Insurance Company of Hartford, Connecticut	23,526,380	790,737
The Travelers Indemnity Company of Connecticut	23,526,380	790,737
The Charter Oak Fire Insurance Company	21,809,126	733,019
Northland Insurance Company	20,950,499	704,160
St. Paul Surplus Lines Insurance Company	15,111,836	507,918
The Travelers Indemnity Company of America	13,222,856	444,429
St. Paul Protective Insurance Company	9,960,073	334,764
Northfield Insurance Company	8,929,721	300,134
Travelers Casualty Company of Connecticut	8,071,094	271,275
Travelers Commercial Casualty Company	8,071,094	271,275
Travelers Commercial Insurance Company	8,071,094	271,275
St. Paul Mercury Insurance Company	6,869,016	230,872
Travelers Property Casualty Company of America	6,182,115	207,785

**NOTES TO FINANCIAL STATEMENTS**

Travelers Property Casualty Insurance Company	5,151,762	173,154
St. Paul Medical Liability Insurance Company	4,980,037	167,382
Athena Assurance Company	4,980,037	167,382
TravCo Insurance Company	4,636,586	155,839
Travelers Excess and Surplus Lines Company	4,636,586	155,839
The Travelers Home and Marine Insurance Company	4,636,586	155,839
Travelers Personal Insurance Company	4,636,586	155,839
Travelers Personal Security Insurance Company	4,636,586	155,839
Discover Property & Casualty Insurance Company	2,404,156	80,805
Discover Specialty Insurance Company	2,404,156	80,805
Northland Casualty Company	2,404,156	80,805
American Equity Specialty Insurance Company	1,717,254	57,718
St. Paul Guardian Insurance Company	1,717,254	57,718
Fidelity and Guaranty Insurance Underwriters, Inc.	1,717,254	57,718
Total	<u>\$ 1,717,254,046</u>	<u>\$ 57,718,000</u>

The amount of tabular discount for workers' compensation and other liability reserves at December 31, 2009 was as follows:

Tabular Discount Included in Schedule P - Part 1

Company	Workers' Compensation		Other Liability	
	Case	IBNR	Case	IBNR
St. Paul Fire and Marine Insurance Company	\$ 90,836,749	\$122,212,840	\$ 3,543,236	\$ 3,915,086
The Travelers Indemnity Company	85,340,383	114,817,958	3,328,840	3,678,190
Travelers Casualty and Surety Company	74,604,130	100,373,277	2,910,055	3,215,455
The Phoenix Insurance Company	18,321,250	24,649,626	714,650	789,650
The Standard Fire Insurance Company	17,734,970	23,860,838	691,781	764,381
United States Fidelity and Guaranty Company	16,159,343	21,740,970	630,321	696,471
Travelers Casualty Insurance Company of America	10,003,403	13,458,696	390,199	431,149
Farmington Casualty Company	5,423,090	7,296,289	211,536	233,736
The Automobile Insurance Company of Hartford, CT	5,020,023	6,753,998	195,814	216,364
The Travelers Indemnity Company of Connecticut	5,020,023	6,753,998	195,814	216,364
The Charter Oak Fire Insurance Company	4,653,598	6,261,005	181,521	200,571
Northland Insurance Company	4,470,385	6,014,509	174,375	192,675
St. Paul Surplus Lines Insurance Company	3,224,540	4,338,334	125,778	138,978
The Travelers Indemnity Company of America	2,821,473	3,796,042	110,056	121,606
St. Paul Protective Insurance Company	2,125,265	2,859,357	82,899	91,599
Northfield Insurance Company	1,905,410	2,563,561	74,324	82,124
Travelers Casualty Company of Connecticut	1,722,198	2,317,065	67,177	74,227
Travelers Commercial Casualty Company	1,722,198	2,317,065	67,177	74,227
Travelers Commercial Insurance Company	1,722,198	2,317,065	67,177	74,227
St. Paul Mercury Insurance Company	1,465,700	1,971,970	57,172	63,172
Travelers Property Casualty Company of America	1,319,130	1,774,773	51,455	56,855
Travelers Property Casualty Insurance Company	1,099,275	1,478,978	42,879	47,379
St. Paul Medical Liability Insurance Company	1,062,633	1,429,678	41,450	45,800
Athena Assurance Company	1,062,633	1,429,678	41,450	45,800
TravCo Insurance Company	989,348	1,331,080	38,591	42,641
Travelers Excess and Surplus Lines Company	989,348	1,331,080	38,591	42,641
The Travelers Home and Marine Insurance Company	989,348	1,331,080	38,591	42,641
Travelers Personal Insurance Company	989,348	1,331,080	38,591	42,641
Travelers Personal Security Insurance Company	989,348	1,331,080	38,591	42,641
Discover Property & Casualty Insurance Company	512,995	690,190	20,010	22,110
Discover Specialty Insurance Company	512,995	690,190	20,010	22,110
Northland Casualty Company	512,995	690,190	20,010	22,110
American Equity Specialty Insurance Company	366,425	492,993	14,293	15,793
St. Paul Guardian Insurance Company	366,425	492,993	14,293	15,793
Fidelity and Guaranty Insurance Underwriters, Inc.	366,425	492,993	14,293	15,793
Total	<u>\$366,425,000</u>	<u>\$492,992,519</u>	<u>\$14,293,000</u>	<u>\$15,793,000</u>

B. Non-tabular reserves have not been discounted.

C. In 2009, the Company changed payment pattern assumptions used in determining the ultimate discount amount. This change increased the amount of discount by a total of \$27 million for the Companies shown above.

### 32. ASBESTOS/ENVIRONMENTAL RESERVES

The following represents the Company's allocable share of the pooled property-casualty business of the TRV Pool, based on its pro rata participation percentage of 24.79%.

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 ( )

Exposure for asbestos losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

With respect to reserving procedures, the Special Liability Group staff members are in daily contact with each other on pending asbestos claim activities and anticipated development. The Company also conducts quarterly asbestos reserve reviews with representatives of the claim, legal, reinsurance, finance and actuarial areas to review asbestos trends and other relevant factors. Based on these reviews, asbestos reserves are established for the Company's future exposure. Beginning in 2007 the Company supplemented the existing annual in-depth asbestos claim review and the existing quarterly asbestos reserve review with additional aggregate quarterly reserve analyses. These additional analyses provide the Company with an increased ability to detect and respond to emerging trends in its quarterly reserve estimates.

Because each policyholder presents different liability and coverage issues, the Company generally reviews the exposure presented by each policyholder at least annually. In the course of this review, the Company generally considers, among other factors: available insurance coverage, including the role of any umbrella or excess insurance the Company has issued to the policyholder; limits and deductibles; an analysis of the policyholder's potential liability; the jurisdictions involved; past and anticipated future claim activity and loss development on pending claims; past settlement values of similar claims; allocated claim adjustment expense; potential role of other insurance; the role, if any, of non-asbestos claims or potential non-asbestos claims in any resolution process; and applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim. For certain policyholders an estimate of the gross ultimate exposure for indemnity and related claim adjustment expense is determined, and for those policyholders the Company calculates, by each policy year, a ceded reinsurance projection based on any applicable facultative and treaty reinsurance, past ceded experience and reinsurance collections. Conventional actuarial methods are not utilized to establish asbestos reserves nor have the Company's evaluations resulted in any way of determining a meaningful average asbestos defense or indemnity payment.

The Company also reviews its historical gross and net loss and expense paid experience, year-by-year, to assess any emerging trends, fluctuations, or characteristics suggested by the aggregate paid activity.

**NOTES TO FINANCIAL STATEMENTS**

In December 2008, the Company sold Unionamerica. In conjunction with the sale the Company commuted its assumed intercompany reinsurance agreements with Unionamerica subsidiaries. As a result of these commutations and their impact on the TRV Pool, the Company's 2008 asbestos assumed calendar year paid losses increased by \$49,084,200 and the Company's 2008 asbestos assumed incurred losses decreased by \$8,428,600.

1. <u>Direct Basis - Asbestos:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 1,012,388,000	\$ 1,097,025,000	\$ 1,028,613,000	\$ 934,547,000	\$ 769,163,000
b. Incurred losses and LAE:	192,831,000	48,322,000	(4,150,000)	15,548,000	39,664,000
c. Calendar year payments for losses and LAE:	<u>108,194,000</u>	<u>116,734,000</u>	<u>89,916,000</u>	<u>180,932,000</u>	<u>87,004,000</u>
d. Ending reserves:	<u>\$ 1,097,025,000</u>	<u>\$ 1,028,613,000</u>	<u>\$ 934,547,000</u>	<u>\$ 769,163,000</u>	<u>\$ 721,823,000</u>

  

2. <u>Assumed Reinsurance Basis - Asbestos:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 120,881,000	\$ 133,202,000	\$ 125,573,000	\$ 118,202,000	\$ 48,163,000
b. Incurred losses and LAE:	31,925,000	2,600,000	4,156,000	(6,500,000)	6,198,000
c. Calendar year payments for losses and LAE:	<u>19,604,000</u>	<u>10,229,000</u>	<u>11,527,000</u>	<u>63,539,000</u>	<u>9,130,000</u>
d. Ending reserves:	<u>\$ 133,202,000</u>	<u>\$ 125,573,000</u>	<u>\$ 118,202,000</u>	<u>\$ 48,163,000</u>	<u>\$ 45,231,000</u>

  

3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 956,362,000	\$ 1,079,200,000	\$ 1,003,648,000	\$ 925,010,000	\$ 721,813,000
b. Incurred losses and LAE:	221,870,000	40,625,000	7,000	9,046,000	45,862,000
c. Calendar year payments for losses and LAE:	<u>99,032,000</u>	<u>116,177,000</u>	<u>78,645,000</u>	<u>212,243,000</u>	<u>84,597,000</u>
d. Ending reserves:	<u>\$ 1,079,200,000</u>	<u>\$ 1,003,648,000</u>	<u>\$ 925,010,000</u>	<u>\$ 721,813,000</u>	<u>\$ 683,078,000</u>

**B. Ending loss and LAE reserves for unreported claims included in Part A above:**

1. Direct Basis:	\$ 628,616,000
2. Assumed Reinsurance Basis:	\$ 14,080,000
3. Net of Ceded Reinsurance Basis:	\$ 584,163,000

**C. Ending LAE reserves for reported and unreported claims included in Part A above:**

1. Direct Basis:	\$ 179,574,000
2. Assumed Reinsurance Basis:	\$ 459,000
3. Net of Ceded Reinsurance Basis:	\$ 171,538,000

**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 ( )**

Exposure for environmental losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

The Company's reserves for environmental claims are not established on a claim-by-claim basis. The Company carries an aggregate bulk reserve for all the Company's environmental claims that are in dispute, until the dispute is resolved. This bulk reserve is established and adjusted based upon the aggregate volume of in-process environmental claims and the Company's experience in resolving those claims and includes unresolved and incurred but not reported environmental claims for which the Company has not received any specific claims as well as for the anticipated cost of coverage litigation disputes relating to these claims. Case reserves are established solely for resolved claims.

The resolution of environmental exposures by the Company generally occurs by settlement on a policyholder-by-policyholder basis as opposed to a claim-by-claim basis. Generally, the Company strives to extinguish any obligations it may have under any policy issued to the policyholder for past, present and future environmental liabilities and extinguish any pending coverage litigation dispute with the policyholder. This form of settlement is commonly referred to as a "buy-back" of policies for future environmental liability. In addition, many of the agreements have also extinguished any insurance obligation which the Company may have for other claims, including but not limited to asbestos and other cumulative injury claims. The Company and its policyholders may also agree to settlements which extinguish any liability arising from known specified sites or claims. These agreements also include appropriate indemnities and hold harmless provisions to protect the Company. The Company's general purpose in executing these agreements is to reduce the Company's potential environmental exposure and eliminate the risks presented by coverage litigation with the policyholder and related costs.

In establishing environmental reserves, the Company evaluates the exposure presented by each policyholder and the anticipated cost of resolution, if any. In the course of this analysis, the Company generally considers the probable liability, available coverage, relevant judicial interpretations and historical value of similar exposures. In addition, the Company considers the many variables presented, such as the nature of the alleged activities of the policyholder at each site; the allegations of environmental harm at each site; the number of sites; the total number of potentially responsible parties at each site; the nature of environmental harm and the corresponding remedy at each site; the nature of government enforcement activities at each site; the ownership and general use of each site; the overall nature of the insurance relationship between the Company and the policyholder, including the role of any umbrella or excess insurance the Company has issued to the policyholder; the involvement of other insurers; the potential for other available coverage, including the number of years of coverage; the role, if any, of non-environmental claims or potential non-environmental claims in any resolution process; and the applicable law in each jurisdiction. Conventional actuarial techniques are not used to estimate these reserves.

In its review of environmental reserves, the Company considers: past settlement payments; changing judicial and legislative trends; its reserves for the costs of litigating environmental coverage matters; the potential for policyholders with smaller exposures to be named in new clean-up actions for both on- and off-site waste disposal activities; the potential for adverse development; the potential for additional new claims beyond previous expectations; and the potential higher costs for new settlements.

The Company also compares its historical direct and net loss and expense paid experience year-by-year, to access any emerging trends, fluctuations or characteristics suggested by the aggregate paid activity.

As a result of the commutations described above and their impact on the TRV Pool, the Company's 2008 environmental assumed calendar year paid losses increased by \$6,941,200 and the Company's 2008 environmental assumed incurred losses decreased by \$1,239,500.

1. <u>Direct Basis - Environmental:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 131,298,000	\$ 83,848,000	\$ 66,620,000	\$ 89,299,000	\$ 83,225,000
b. Incurred losses and LAE:	10,567,000	27,070,000	45,784,000	21,029,000	20,824,000
c. Calendar year payments for losses and LAE:	<u>58,017,000</u>	<u>44,298,000</u>	<u>23,105,000</u>	<u>27,103,000</u>	<u>21,553,000</u>
d. Ending reserves:	<u>\$ 83,848,000</u>	<u>\$ 66,620,000</u>	<u>\$ 89,299,000</u>	<u>\$ 83,225,000</u>	<u>\$ 82,496,000</u>

  

2. <u>Assumed Reinsurance Basis- Environmental:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 36,757,000	\$ 34,673,000	\$ 32,701,000	\$ 27,130,000	\$ 15,825,000
b. Incurred losses and LAE:	1,069,000	386,000	61,000	(1,119,000)	247,000
c. Calendar year payments for losses and LAE:	<u>3,153,000</u>	<u>2,358,000</u>	<u>5,632,000</u>	<u>10,186,000</u>	<u>2,103,000</u>
d. Ending reserves:	<u>\$ 34,673,000</u>	<u>\$ 32,701,000</u>	<u>\$ 27,130,000</u>	<u>\$ 15,825,000</u>	<u>\$ 13,969,000</u>

**NOTES TO FINANCIAL STATEMENTS**

3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 153,954,000	\$ 105,220,000	\$ 103,722,000	\$ 121,448,000	\$ 102,568,000
b. Incurred losses and LAE:	12,227,000	29,983,000	45,844,000	19,910,000	17,354,000
c. Calendar year payments for losses and LAE:	<u>60,961,000</u>	<u>31,481,000</u>	<u>28,118,000</u>	<u>38,790,000</u>	<u>22,467,000</u>
d. Ending reserves:	<u>\$ 105,220,000</u>	<u>\$ 103,722,000</u>	<u>\$ 121,448,000</u>	<u>\$ 102,568,000</u>	<u>\$ 97,455,000</u>

## E. Ending loss and LAE reserves for unreported claims included in Part D above:

1. Direct Basis:	\$ 80,735,000
2. Assumed Reinsurance Basis:	\$ 7,650,000
3. Net of Ceded Reinsurance Basis	\$ 90,575,000

## F. Ending LAE reserves for reported and unreported claims included in Part D above:

1. Direct Basis:	\$ 27,912,000
2. Assumed Reinsurance Basis:	\$ 200,000
3. Net of Ceded Reinsurance Basis	\$ 27,884,000

As a result of the processes and procedures described above, management believes that the reserves carried for asbestos and environmental claims at December 31, 2009 are appropriately established based upon known facts, current law and management's judgment. However, the uncertainties surrounding the final resolution of these claims continue, and it is difficult to determine the ultimate exposure for asbestos and environmental claims and related litigation. As a result, these reserves are subject to revision as new information becomes available and as claims develop. The continuing uncertainties include, without limitation, the risks and lack of predictability inherent in complex litigation, any impact from the bankruptcy protection sought by various asbestos producers and other asbestos defendants, a further increase or decrease in asbestos and environmental claims beyond that which is anticipated, the role of any umbrella or excess policies the Company has issued, the resolution or adjudication of disputes pertaining to the amount of available coverage for asbestos and environmental claims in a manner inconsistent with the Company's previous assessment of these claims, the number and outcome of direct actions against the Company, future developments pertaining to the Company's ability to recover reinsurance for asbestos and environmental claims and the unavailability of other insurance sources potentially available to policyholders, whether through exhaustion of policy limits or through the insolvency of other participating insurers. In addition, uncertainties arise from the insolvency or bankruptcy of policyholders and other defendants, although in recent years the Company has noted a decrease in the number and volatility of asbestos-related bankruptcies. It is also not possible to predict changes in the legal, regulatory and legislative environment and their impact on the future development of asbestos and environmental claims. This development will be affected by future court and regulatory decisions and interpretations, as well as changes in applicable legislation. It is also difficult to predict the ultimate outcome of complex coverage disputes until settlement negotiations near completion and significant legal questions are resolved or, failing settlement, until the dispute is adjudicated. This is particularly the case with policyholders in bankruptcy where negotiations often involve a large number of claimants and other parties and require court approval to be effective. As part of its continuing analysis of asbestos and environmental reserves, the Company continues to study the implications of these and other developments.

Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the current related reserves. In addition, the Company's estimate of claims and claim adjustment expenses may change. These additional liabilities or increases in estimates, or a range of either, cannot now be reasonably estimated and could result in income statement charges that could be material to the Company's operating results in future periods.

## 33. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

## 34. MULTIPLE PERIL CROP INSURANCE

Not applicable.

## 35. FINANCIAL GUARANTY INSURANCE

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

Attachment to the 2009 Annual Statement – Notes to Financial Statements, Note 9 – Part F:  
Names of the companies included with TRV in the December 31, 2009, consolidated Federal income tax return filing

The Travelers Companies, Inc. (TRV) & Subsidiaries

<u>Company Name</u>	<u>FEIN</u>	<u>Company Name</u>	<u>FEIN</u>
350 MARKET STREET	41-1618103	ST. PAUL PROTECTIVE INSURANCE COMPANY	36-2542404
AE DEVELOPMENT GROUP, INC.	06-0952727	ST. PAUL RE (BERMUDA) LTD.	98-0114704
AE PROPERTIES, INC.	95-2798160	ST. PAUL SURPLUS LINES INSURANCE COMPANY	41-1230819
AMERICAN EQUITY INSURANCE COMPANY	86-0703220	TCI GLOBAL SERVICES, INC.	52-1965525
AMERICAN EQUITY SPECIALTY INSURANCE COMPANY	86-0868106	TCS EUROPEAN INVESTMENTS, INC.	06-1549972
ATHENA ASSURANCE COMPANY	41-1435765	THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CT	06-0848755
BMR SPORTS PROPERTIES, INC.	52-1852190	THE CHARTER OAK FIRE INSURANCE COMPANY	06-0291290
CAMPERDOWN CORPORATION	41-1762781	THE PHOENIX INSURANCE COMPANY	06-0303275
CAPTIVA, LTD.	98-0170615	THE PREMIER INSURANCE COMPANY OF MASSACHUSETTS	04-3175569
CASTLE PINES FIDELITY REALTY, INC.	52-1735211	THE STANDARD FIRE INSURANCE COMPANY	06-6033509
COMMERCIAL GUARANTY INSURANCE COMPANY	75-1679830	THE TRAVELERS HOME AND MARINE INSURANCE COMPANY	35-1838079
CONSTITUTION PLAZA INC	06-0566030	THE TRAVELERS INDEMNITY COMPANY	06-0566050
COUNTERSIGNATURE AGENCY, INC.	06-1345091	THE TRAVELERS INDEMNITY COMPANY OF AMERICA	58-6020487
DISCOVER PROPERTY & CASUALTY INSURANCE COMPANY	36-2999370	THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT	06-0336212
DISCOVER RE MANAGERS, INC.	06-1288492	THE TRAVELERS LLOYDS INSURANCE COMPANY	76-0002592
DISCOVER SPECIALTY INSURANCE COMPANY	52-1925131	THE TRAVELERS MARINE CORPORATION	94-0338230
DISCOVERY MANAGERS, LTD.	06-1273933	TINDY FOREIGN, INC.	20-4403403
ENGLISH TURN FIDELITY REALTY, INC.	52-1466734	TINDY RE INVESTMENTS, INC.	06-1575463
ENGLISH TURN REALTY MANAGEMENT, INC.	52-1715225	TPC INVESTMENTS, INC.	06-1534005
FARMINGTON CASUALTY COMPANY	06-1067463	TRAVCO INSURANCE COMPANY	35-1838077
FIDELITY AND GUARANTY INSURANCE COMPANY	42-1091525	TRAVELERS LLOYDS OF TEXAS INSURANCE COMPANY	75-1732040
FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.	52-0616768	TRAVELERS (BERMUDA) LTD.	98-0190863
FIRST FLORIDIAN AUTO AND HOME INSURANCE COMPANY	59-3372141	TRAVELERS ALPHA HOLDINGS, INC.	06-1531058
FIRST TRENTON INDEMNITY COMPANY	22-3129711	TRAVELERS AUTO INSURANCE CO. OF NEW JERSEY	22-3499393
GULF UNDERWRITERS INSURANCE COMPANY	56-1371361	TRAVELERS CASUALTY AND SURETY COMPANY	06-6033504
JNO INDUSTRIAL, INC.	52-1802629	TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA	06-0907370
JUPITER HOLDINGS, INC.	41-1769846	TRAVELERS CASUALTY COMPANY OF CONNECTICUT	06-1286266
LAUREL VILLAGE FIDELITY REALTY, INC.	52-1551225	TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA	06-0876835
MOUNTAIN RIDGE INSURANCE COMPANY	52-1957776	TRAVELERS COMMERCIAL CASUALTY COMPANY	95-3634110
NORTHBROOK HOLDINGS, INC.	51-0375653	TRAVELERS COMMERCIAL INSURANCE COMPANY	06-1286268
NORTHFIELD INSURANCE COMPANY	41-0983992	TRAVELERS DISTRIBUTION ALLIANCE, INC.	62-1657094
NORTHLAND CASUALTY COMPANY	94-6051964	TRAVELERS EXCESS AND SURPLUS LINES COMPANY	06-1203698
NORTHLAND INSURANCE COMPANY	41-6009967	TRAVELERS INDEMNITY UK INVESTMENTS LLC	06-1591454
NORTHLAND RISK MANAGEMENT SERVICES, INC.	41-1720288	TRAVELERS INSURANCE GROUP HOLDINGS INC.	06-1445591
SEABOARD SURETY COMPANY	13-5379820	TRAVELERS LLOYDS MANAGEMENT COMPANY	20-4312440
SELECT INSURANCE COMPANY	75-6013697	TRAVELERS MGA, INC.	75-2676034
SPC INSURANCE AGENCY, INC.	41-1888760	TRAVELERS PC FUND INVESTMENTS, INC.	06-1514468
ST. PAUL (BERMUDA) LTD.	98-0162036	TRAVELERS PERSONAL INSURANCE COMPANY	36-3703200
ST. PAUL BERMUDA HOLDINGS, INC.	41-1835264	TRAVELERS PERSONAL SECURITY INSURANCE COMPANY	06-1286264
ST. PAUL FIRE & CASUALTY INSURANCE COMPANY	41-1419276	TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY	06-1286274
ST. PAUL FIRE & MARINE INSURANCE COMPANY	41-0406690	TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA	36-2719165
ST. PAUL GUARDIAN INSURANCE COMPANY	41-0963301	TRAVELERS PROPERTY CASUALTY CORP.	06-1008174
ST. PAUL LONDON PROPERTIES, INC.	41-1880024	UNITED STATES FIDELITY & GUARANTY COMPANY	52-0515280
ST. PAUL MEDICAL LIABILITY INSURANCE COMPANY	41-1435766	USF&G FINANCIAL SERVICES CORPORATION	52-1386957
ST. PAUL MERCURY INSURANCE COMPANY	41-0881659	USF&G RETAIL ASSOCIATES GP, INC.	52-1704255
ST. PAUL PROPERTIES, INC.	41-1412523	YONKERS FINANCING CORPORATION	20-3033027

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State regulating? Minnesota
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/24/2009
- 3.4 By what department or departments? Minnesota
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [ X ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information: \_\_\_\_\_

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control .....0.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Smitesh Davé, F.C.A.S. & M.A.A.A. (Vice President and Chief Corporate Actuary) The Travelers Companies, Inc.  
 One Tower Square, Hartford, CT 06183

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ X ] No [ ]
- 11.11 Name of real estate holding company  
See 11.2 below.

- 11.12 Number of parcels involved .....4
- 11.13 Total book/adjusted carrying value \$.....46,320,190

- 11.2 If yes, provide explanation.  
Chandler AZ, LLC: 1 parcel; total book/adjusted carrying value \$13,943,053; Holds a single member LLC that owns an office building in Chandler, AZ.  
 350 Market Street: 1 parcel; total book/adjusted carrying value \$25,570,523; Holds a 254 room hotel in St. Paul, MN.  
 English Turn Fidelity Realty Inc. and English Turn Realty Management Inc: 1 parcel; total book/adjusted carrying value \$3,803,313; Holds a residential golf course development and industrial park development in New Orleans, LA .  
 Promenade Partners: 1 parcel; total book/adjusted carrying value \$3,003,302; Holds a strip mall center in Oakbrook, IL.

**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

## 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

**BOARD OF DIRECTORS**

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ X ] No [ ]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [ X ] No [ ]

16. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ X ] No [ ]

**FINANCIAL**

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers \$.....0

18.12 To stockholders not officers \$.....0

18.13 Trustees, supreme or grand (Fraternal only) \$.....0

18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers \$.....0

18.22 To stockholders not officers \$.....0

18.23 Trustees, supreme or grand (Fraternal only) \$.....0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ X ]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others \$.....0

19.22 Borrowed from others \$.....0

19.23 Leased from others \$.....0

19.24 Other \$.....0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [ X ]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment \$.....0

20.22 Amount paid as expenses \$.....0

20.23 Other amounts paid \$.....0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

**INVESTMENT**

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes [ X ] No [ ]

22.2 If no, give full and complete information relating thereto.

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).  
This company is a party to a security lending agreement. See Note 17.

22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ X ] No [ ] N/A [ ]

22.5 If answer to 22.4 is yes, report amount of collateral. \$.....14,950,327

22.6 If answer to 22.4 is no, report amount of collateral. \$.....0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) Yes [ X ] No [ ]



## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 23.2 If yes, state the amount thereof at December 31 of the current year:
- |       |  |                      |
|-------|--|----------------------|
| 23.21 | Subject to repurchase agreements                 | \$.....0             |
| 23.22 | Subject to reverse repurchase agreements         | \$.....0             |
| 23.23 | Subject to dollar repurchase agreements          | \$.....0             |
| 23.24 | Subject to reverse dollar repurchase agreements  | \$.....0             |
| 23.25 | Pledged as collateral                            | \$.....86,747,425    |
| 23.26 | Placed under option agreements                   | \$.....0             |
| 23.27 | Letter stock or securities restricted as to sale | \$.....0             |
| 23.28 | On deposit with state or other regulatory body   | \$.....1,534,663,269 |
| 23.29 | Other  | \$.....34,681,513    |

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes  No
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes  No  N/A   
If no, attach a description with this statement.

- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No
- 25.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

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

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

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase	270 Park Avenue, New York, NY 10017-2070
The Bank of New York	One Wall Street, New York, NY 10286

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
UBS	1 North Wacker 31st Floor, Chicago, IL 60606	Future Account Agreements

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes  No

26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Citigroup Global Markets	UBS	January 2009	Lower Fees

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Clarion CRA Securities	259 North Radnor-Chester Rd., Radnor, PA 19087

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

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds.....	...12,206,432,903	...12,687,575,502	.....481,142,599
28.2 Preferred stocks.....	.....6,466,540	.....6,466,540	.....0
28.3 Totals.....	...12,212,899,443	...12,694,042,042	.....481,142,599

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

Fair values of bonds and preferred stocks are based on prices published in the NAIC Valuations of Securities. If this unit price is not available, the fair value is based upon quoted market prices or dealer quotes, or if prices are unavailable, based on valuation determined, in good faith, by The Travelers Companies, Inc.

- 29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes  No
- 29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes  No
- 29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

- 30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes  No
- 30.2 If no, list exceptions:

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....11,255,646

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE, INC.	4,676,680

32.1 Amount of payments for legal expenses, if any? \$.....27,229,912

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

1 Name	2 Amount Paid
SIMPSON, THACHER & BARTLETT	8,496,366

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....749,801

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

1 Name	2 Amount Paid
US CHAMBER OF COMMERCE	220,631

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U.S. business only. \$.....0
- 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0
  - 1.31 Reason for excluding:  
\_\_\_\_\_
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
- 1.6 Individual policies:
  - Most current three years:
    - 1.61 Total premium earned \$.....0
    - 1.62 Total incurred claims \$.....0
    - 1.63 Number of covered lives .....0
  - All years prior to most current three years:
    - 1.64 Total premium earned \$.....0
    - 1.65 Total incurred claims \$.....0
    - 1.66 Number of covered lives .....0
- 1.7 Group policies:
  - Most current three years:
    - 1.71 Total premium earned \$.....0
    - 1.72 Total incurred claims \$.....0
    - 1.73 Number of covered lives .....0
  - All years prior to most current three years:
    - 1.74 Total premium earned \$.....0
    - 1.75 Total incurred claims \$.....0
    - 1.76 Number of covered lives .....0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....4,717,480,992	\$.....4,700,530,731
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....11,565,940,026	\$.....11,792,388,642
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ X ] No [ ]
- 3.2 If yes, state the amount of calendar year premiums written on:
  - 3.21 Participating policies \$.....47,286,766
  - 3.22 Non-participating policies \$.....4,652,818,128

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]
- 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....0.0 %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [ ] No [ ]
- 5.2 If yes, is the commission paid:
  - 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]
  - 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?  
\_\_\_\_\_

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]
- 5.5 If yes, give full information:  
\_\_\_\_\_

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

In order to manage its risk, the Company monitors the concentration of insured employees on a location basis. Although the Company currently has no significant workers' compensation treaty reinsurance, the Company reviews available treaty reinsurance coverages quarterly and makes purchase decisions as it deems appropriate. Facultative reinsurance purchases are also made as deemed appropriate.

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

The Company uses RiskLink, a product developed by Risk Management Solutions, Inc., to estimate its Probable Maximum Loss (PML). Property exposures are modeled using RiskLink to determine locations of concentration including California, Florida, New Madrid, the Northeast, the Gulf States, and the Mid-Atlantic States. For terrorism risk, the Company uses RMS-PTM, a product developed by Risk Management Solutions, Inc. The Company also develops conventional attack PML's for combined property and workers' compensation exposures for comparison with aggregate corporate guidelines. Buildings with large exposures have a site engineering analysis performed.

- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

The Company purchases both excess of loss and proportional reinsurance to protect itself from an excessive catastrophe loss.

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ X ] No [ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:  
\_\_\_\_\_

## GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ X ] No [ ]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....15
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ X ] No [ ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [ X ]
- 8.2 If yes, give full information:
- 
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [ X ]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [ ] No [ X ]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [ X ]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [ ] No [ X ]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [ X ]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [ X ]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ X ] No [ ] N/A [ ]
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [ X ] No [ ]
- 11.2 If yes, give full information:  
The company guarantees the policies of several of its subsidiaries as disclosed in its parent's Form B filing.
- 
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$.....24,494,470
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....6,123,618
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....26,013,008
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ X ] N/A [ ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From .....0.0 %
- 12.42 To .....0.0 %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ X ] No [ ]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit \$.....1,390,829,035
- 12.62 Collateral and other funds \$.....279,844,533

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....6,569,350
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ....1

- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No [ ]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
Per the Company's Reinsurance Allocation Agreement and Pooling Agreement.

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No [ ]
- 14.5 If the answer to 14.4 is no, please explain:  
 \_\_\_\_\_  
 \_\_\_\_\_

- 15.1 Has the reporting entity guaranteed any financial premium accounts? Yes [ ] No [X]
- 15.2 If yes, give full information:  
 \_\_\_\_\_  
 \_\_\_\_\_

- 16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage: .....

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [ ] No [X]
- Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 \$.....0
- 17.12 Unfunded portion of Interrogatory 17.11 \$.....0
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$.....0
- 17.14 Case reserves portion of Interrogatory 17.11 \$.....0
- 17.15 Incurred but not reported portion of Interrogatory 17.11 \$.....0
- 17.16 Unearned premium portion of Interrogatory 17.11 \$.....0
- 17.17 Contingent commission portion of Interrogatory 17.11 \$.....0

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

- 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 \$.....0
- 17.19 Unfunded portion of Interrogatory 17.18 \$.....0
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$.....0
- 17.21 Case reserves portion of Interrogatory 17.18 \$.....0
- 17.22 Incurred but not reported portion of Interrogatory 17.18 \$.....0
- 17.23 Unearned premium portion of Interrogatory 17.18 \$.....0
- 17.24 Contingent commission portion of Interrogatory 17.18 \$.....0

- 18.1 Do you act as a custodian for health savings account? Yes [ ] No [X]
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....0
- 18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....0

## FIVE-YEAR HISTORICAL DATA

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

	1 2009	2 2008	3 2007	4 2006	5 2005
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	3,100,874,728	3,393,570,157	3,426,121,788	3,412,101,073	3,943,969,834
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,128,638,848	1,230,254,741	1,277,955,449	1,257,579,055	1,488,695,574
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,796,149,388	1,773,936,700	1,734,521,094	1,842,660,314	2,394,528,745
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	74,111,269	72,124,146	71,740,881	88,620,778	145,194,350
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	28,948,423	15,959,536	64,887,412	50,645,282	43,611,633
6. Total (Line 35).....	6,128,722,656	6,485,845,279	6,575,226,623	6,651,606,502	8,016,000,136
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	2,197,326,722	2,231,670,058	2,184,977,847	2,103,846,752	1,669,278,384
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	908,800,025	943,013,361	968,350,386	920,610,181	973,426,304
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,559,786,443	1,526,712,139	1,487,385,424	1,587,653,720	2,020,308,661
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	28,125,968	26,200,266	15,472,519	30,963,785	(114,752,476)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	6,065,736	(16,055,766)	14,660,249	11,533,477	1,714,048
12. Total (Line 35).....	4,700,104,894	4,711,540,058	4,670,846,424	4,654,607,916	4,549,974,921
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	468,494,455	346,894,248	510,805,664	555,226,903	(88,714,965)
14. Net investment gain (loss) (Line 11).....	524,901,574	735,357,781	874,271,535	623,564,024	877,453,216
15. Total other income (Line 15).....	7,156,681	26,350,873	8,712,202	(12,826,284)	8,289,043
16. Dividends to policyholders (Line 17).....	4,333,516	5,441,271	5,767,644	4,007,798	4,047,167
17. Federal and foreign income taxes incurred (Line 19).....	274,225,479	253,778,169	240,176,771	303,576,896	(190,290,108)
18. Net income (Line 20).....	721,993,715	849,383,463	1,147,844,986	858,379,950	983,270,235
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	19,017,907,519	19,162,959,762	19,842,695,554	20,171,993,801	19,900,457,827
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	257,502,771	246,280,270	290,131,464	297,424,581	277,058,021
20.2 Deferred and not yet due (Line 13.2).....	886,072,050	962,964,354	984,110,194	1,001,129,046	975,122,963
20.3 Accrued retrospective premiums (Line 13.3).....	119,854,822	79,775,504	56,305,656	33,451,716	49,985,801
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	12,426,553,414	12,796,453,285	12,961,588,288	13,152,114,948	13,324,598,297
22. Losses (Page 3, Line 1).....	7,668,426,823	7,861,178,116	8,055,245,217	8,162,526,178	8,399,417,898
23. Loss adjustment expenses (Page 3, Line 3).....	1,833,237,996	1,826,620,788	1,806,063,470	1,851,897,924	1,865,968,230
24. Unearned premiums (Page 3, Line 9).....	2,063,838,983	2,098,724,313	2,099,873,010	2,105,017,678	2,039,240,515
25. Capital paid up (Page 3, Lines 28 & 29).....	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	6,591,354,104	6,366,506,477	6,881,107,266	7,019,878,853	6,575,859,529
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	725,935,114	719,407,190	975,699,174	1,034,230,115	379,260,642
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	6,591,354,104	6,366,506,477	6,881,107,266	7,019,878,853	6,575,859,529
29. Authorized control level risk-based capital.....	1,053,917,794	1,047,018,163	1,200,098,848	1,228,604,067	1,219,633,336
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1).....	69.7	68.5	71.1	70.4	71.4
31. Stocks (Lines 2.1 & 2.2).....	20.0	18.4	18.9	17.7	16.7
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.3	0.3	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3).....	4.2	4.4	4.2	3.9	3.8
34. Cash, cash equivalents and short-term investments (Line 5).....	2.0	4.9	2.3	2.8	3.1
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7).....	3.8	3.5	3.4	5.1	4.9
37. Receivable for securities (Line 8).....	0.0	0.0	0.0	0.0	0.1
38. Aggregate write-ins for invested assets (Line 9).....	0.0	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
40. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....	0	0	0	0	0
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	3,260,621,668	2,985,665,423	3,228,535,982	3,120,042,402	2,867,283,896
43. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....	0	0	0	0	0
44. Affiliated mortgage loans on real estate.....	0	0	0	0	0
45. All other affiliated.....	75,462,406	75,773,042	93,701,053	512,413,707	492,013,333
46. Total of above lines 40 to 45.....	3,336,084,074	3,061,438,465	3,322,237,035	3,632,456,109	3,359,297,229
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0).....	50.6	48.1	48.3	51.7	51.1

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2009	2008	2007	2006	2005
<b>Capital and Surplus Accounts (Page 4)</b>					
48. Net unrealized capital gains (losses) (Line 24).....	598,485,082	68,850,703	321,066,190	888,888,774	(188,222,617)
49. Dividends to stockholders (Line 35).....	(1,349,250,563)	(1,100,000,000)	(1,428,000,000)	(780,000,000)	0
50. Change in surplus as regards policyholders for the year (Line 38).....	224,847,627	(514,600,789)	(138,771,588)	444,019,324	1,067,201,284
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1&amp;2)</b>					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,833,680,286	1,927,134,247	1,995,697,705	2,160,078,963	(1,074,515,034)
52. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	639,059,627	652,961,163	588,888,740	630,914,544	447,985,544
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	820,695,541	811,327,076	713,791,478	847,992,917	(60,017,682)
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	35,916,014	68,010,556	188,182,204	158,108,277	168,126,767
55. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	150,692,255	693,724,519	366,825,178	332,599,373	(117,378,943)
56. Total (Line 35).....	3,480,043,722	4,153,157,561	3,853,385,305	4,129,694,074	(635,799,348)
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,090,758,651	1,138,341,007	1,086,589,554	1,124,407,680	1,169,690,708
58. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	490,467,416	489,024,173	431,698,913	419,076,085	399,861,778
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	724,129,753	719,097,476	600,237,544	677,332,103	43,217,928
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	18,905,138	16,435,765	49,754,445	47,902,477	446,955,659
61. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	22,870,871	114,858,141	110,617,591	77,128,520	793,049,295
62. Total (Line 35).....	2,347,131,829	2,477,756,561	2,278,898,047	2,345,846,866	2,852,775,368
<b>Operating Percentages</b> (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).....	45.7	48.6	46.4	46.1	60.3
65. Loss expenses incurred (Line 3).....	12.3	12.8	12.2	12.5	13.9
66. Other underwriting expenses incurred (Line 4).....	32.1	31.2	30.4	29.3	27.8
67. Net underwriting gain (loss) (Line 8).....	9.9	7.4	10.9	12.1	(1.9)
<b>Other Percentages</b>					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	32.0	30.6	30.3	29.0	27.7
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	58.0	61.4	58.6	58.6	74.2
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 35, Col. 1 x 100.0).....	71.3	74.0	67.9	66.3	69.2
<b>One Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(298,014)	(360,687)	(165,041)	(93,482)	146,009
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100).....	(4.7)	(5.2)	(2.4)	(1.4)	2.7
<b>Two Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(677,620)	(471,225)	(181,613)	297,687	1,008,758
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(9.8)	(6.7)	(2.8)	5.4	19.9

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

Yes [ ] No [ ]

If no, please explain:

**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						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....	234,299	94,346	72,067	10,756	37,713	502	5,805	238,477	XXX.....
2. 2000.....	4,130,840	888,438	3,242,403	3,213,171	907,252	357,545	57,003	155,852	18,233	108,424	2,744,080	XXX.....
3. 2001.....	4,498,098	844,661	3,653,437	3,554,327	1,092,472	354,886	71,504	182,159	19,087	93,202	2,908,310	XXX.....
4. 2002.....	5,009,255	1,045,627	3,963,628	2,535,008	597,695	308,468	43,041	149,633	15,435	97,289	2,336,938	XXX.....
5. 2003.....	5,467,166	1,154,011	4,313,155	2,327,544	372,226	257,293	30,975	149,920	14,469	99,308	2,317,088	XXX.....
6. 2004.....	5,413,460	926,738	4,486,722	2,105,531	355,809	207,416	26,275	165,415	15,304	100,136	2,080,974	XXX.....
7. 2005.....	5,216,226	745,705	4,470,520	2,391,672	641,143	177,207	25,552	169,440	11,146	86,985	2,060,478	XXX.....
8. 2006.....	5,130,940	630,341	4,500,599	1,693,801	197,440	137,741	12,900	187,400	5,698	82,622	1,802,904	XXX.....
9. 2007.....	5,217,754	544,633	4,673,121	1,661,520	145,219	116,676	8,477	200,624	4,420	92,631	1,820,704	XXX.....
10. 2008.....	5,241,060	542,410	4,698,651	1,798,465	170,039	84,707	6,834	227,131	3,267	83,147	1,930,163	XXX.....
11. 2009.....	5,150,634	433,153	4,717,481	1,048,169	44,971	34,326	1,474	186,537	1,752	45,049	1,220,835	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	22,563,508	4,618,611	2,108,333	294,790	1,811,823	109,312	894,599	21,460,951	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	1,467,371	436,238	1,489,920	268,335	158,442	28,667	274,508	19,956	166,002	190	2,105	2,802,856	XXX.....
2. 2000.....	166,333	51,729	149,762	49,644	14,144	3,199	24,388	4,412	12,118	19	1,103	257,742	XXX.....
3. 2001.....	232,559	63,274	180,425	46,471	20,947	7,753	34,252	7,735	35,434	102	5,739	378,281	XXX.....
4. 2002.....	162,238	53,763	211,680	62,679	16,230	1,960	42,118	14,110	12,083	(13)	2,309	311,850	XXX.....
5. 2003.....	180,492	38,351	191,472	54,709	17,906	1,575	55,700	14,057	37,568	10	11,368	374,437	XXX.....
6. 2004.....	185,211	45,067	212,035	57,978	19,185	1,755	51,440	8,420	15,050	(20)	8,113	369,722	XXX.....
7. 2005.....	196,321	49,991	308,329	88,323	22,853	2,493	58,073	8,830	15,231	(32)	13,456	451,202	XXX.....
8. 2006.....	253,834	48,138	367,850	73,313	32,794	2,522	65,376	11,362	23,092	4	19,810	607,607	XXX.....
9. 2007.....	340,849	48,080	488,094	97,993	47,842	3,027	91,177	7,236	31,630	86	30,894	843,170	XXX.....
10. 2008.....	547,441	65,517	668,205	106,375	54,143	2,968	164,279	12,213	45,834	86	54,238	1,292,744	XXX.....
11. 2009.....	657,516	100,879	1,041,646	124,309	49,653	2,386	187,907	12,105	115,172	162	80,142	1,812,054	XXX.....
12. Totals.....	4,390,165	1,001,025	5,309,418	1,030,132	454,140	58,304	1,049,218	120,437	509,215	594	229,277	9,501,665	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. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	2,252,717	550,138
2. 2000.	4,093,314	1,091,491	3,001,822	99.1	122.9	92.6	0	0	24.79	214,722	43,020
3. 2001.	4,594,989	1,308,398	3,286,591	102.2	154.9	90.0	0	0	24.79	303,239	75,041
4. 2002.	3,437,457	788,669	2,648,788	68.6	75.4	66.8	0	0	24.79	257,475	54,374
5. 2003.	3,217,896	526,371	2,691,525	58.9	45.6	62.4	0	0	24.79	278,904	95,533
6. 2004.	2,961,283	510,588	2,450,695	54.7	55.1	54.6	0	0	24.79	294,201	75,521
7. 2005.	3,339,126	827,446	2,511,680	64.0	111.0	56.2	0	0	24.79	366,336	84,866
8. 2006.	2,761,889	351,377	2,410,512	53.8	55.7	53.6	0	0	24.79	500,233	107,374
9. 2007.	2,978,412	314,538	2,663,874	57.1	57.8	57.0	0	0	24.79	682,870	160,300
10. 2008.	3,590,206	367,299	3,222,907	68.5	67.7	68.6	0	0	24.79	1,043,755	248,989
11. 2009.	3,320,927	288,038	3,032,889	64.5	66.5	64.3	0	0	24.79	1,473,974	338,080
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	7,668,427	1,833,238

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	2	3	4	5	6	7	8	9	10	11	12
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior.....	6,136,076	6,190,026	7,018,802	7,188,091	7,634,302	7,966,514	8,125,022	8,235,582	8,293,867	8,334,037	40,170	98,455
2. 2000.....	2,354,485	2,453,312	2,516,249	2,663,384	2,797,828	2,834,190	2,871,646	2,866,770	2,899,342	2,858,904	(40,438)	(7,866)
3. 2001.....	XXX	2,942,051	2,932,939	3,052,226	3,101,913	3,068,097	3,104,130	3,093,606	3,107,502	3,096,266	(11,236)	2,660
4. 2002.....	XXX	XXX	2,624,040	2,414,120	2,494,419	2,534,505	2,549,017	2,537,250	2,526,970	2,514,936	(12,035)	(22,314)
5. 2003.....	XXX	XXX	XXX	2,658,036	2,513,800	2,585,576	2,576,959	2,584,095	2,585,924	2,531,781	(54,143)	(52,314)
6. 2004.....	XXX	XXX	XXX	XXX	2,897,272	2,626,946	2,509,944	2,432,486	2,343,482	2,299,151	(44,331)	(133,335)
7. 2005.....	XXX	XXX	XXX	XXX	XXX	2,943,210	2,713,161	2,614,080	2,432,628	2,351,219	(81,408)	(262,860)
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	2,486,349	2,403,395	2,278,057	2,220,220	(57,837)	(183,175)
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,566,659	2,509,773	2,449,789	(59,984)	(116,870)
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,942,721	2,965,951	23,229	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,746,997	XXX	XXX
12. Totals.....											(298,014)	(677,620)

### SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior.....	000	1,390,691	2,513,194	3,455,168	3,941,862	4,388,609	4,763,898	5,058,347	5,397,259	5,598,525	XXX	XXX
2. 2000.....	815,377	1,404,071	1,798,595	2,094,373	2,191,384	2,324,550	2,416,737	2,494,712	2,583,559	2,606,461	XXX	XXX
3. 2001.....	XXX	861,858	1,527,851	1,958,806	2,253,188	2,461,434	2,577,943	2,656,130	2,709,577	2,745,238	XXX	XXX
4. 2002.....	XXX	XXX	714,705	1,222,203	1,527,918	1,771,645	1,957,033	2,078,887	2,152,042	2,202,740	XXX	XXX
5. 2003.....	XXX	XXX	XXX	759,038	1,309,188	1,659,380	1,867,690	2,032,115	2,127,309	2,181,637	XXX	XXX
6. 2004.....	XXX	XXX	XXX	XXX	747,937	1,285,539	1,544,087	1,738,347	1,853,841	1,930,863	XXX	XXX
7. 2005.....	XXX	XXX	XXX	XXX	XXX	805,848	1,408,702	1,639,804	1,798,424	1,902,184	XXX	XXX
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	775,026	1,220,924	1,454,499	1,621,202	XXX	XXX
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	845,516	1,348,909	1,624,500	XXX	XXX
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,109,683	1,706,300	XXX	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,036,050	XXX	XXX

### SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior.....	3,033,373	2,234,812	2,225,880	1,882,683	1,919,265	1,940,244	1,842,008	1,785,499	1,590,809	1,506,575
2. 2000.....	881,740	444,623	212,437	254,210	287,855	197,638	200,054	167,538	159,669	123,623
3. 2001.....	XXX	1,333,444	715,520	501,968	327,512	220,510	220,275	189,059	188,517	165,769
4. 2002.....	XXX	XXX	1,306,193	616,866	440,715	335,356	266,220	230,149	206,441	186,164
5. 2003.....	XXX	XXX	XXX	1,316,500	659,882	468,538	331,312	272,440	252,311	187,235
6. 2004.....	XXX	XXX	XXX	XXX	1,567,579	859,511	565,078	395,870	277,160	206,713
7. 2005.....	XXX	XXX	XXX	XXX	XXX	1,351,100	855,260	645,545	392,556	280,376
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	1,166,255	768,867	507,854	360,933
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,109,030	691,774	486,189
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,178,583	724,185
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,106,435

# ST. PAUL FIRE AND MARINE INSURANCE COMPANY

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9	
		Active Status	2							3
1. Alabama.....	AL	L	13,773,149	16,691,509	38,146	8,580,490	4,812,420	86,871,456	16,244	162,844
2. Alaska.....	AK	L	5,303,077	5,844,450	5,887	3,298,473	3,193,271	11,069,553	812	28,686
3. Arizona.....	AZ	L	14,142,121	19,585,089	140	8,935,042	3,980,160	69,656,744	12,667	432,037
4. Arkansas.....	AR	L	8,212,698	9,271,450	48,288	4,097,595	(2,664,117)	11,161,076	7,729	54,330
5. California.....	CA	L	117,037,996	133,810,094	13,601	91,629,619	59,152,432	401,390,843	149,341	2,507,201
6. Colorado.....	CO	L	29,350,510	34,479,994	6,251	13,983,299	19,133,473	103,751,392	44,678	371,331
7. Connecticut.....	CT	L	14,722,781	17,115,668	462	22,519,917	5,656,763	81,754,647	31,885	277,991
8. Delaware.....	DE	L	3,214,210	3,913,446	18	2,727,196	(5,865,737)	17,185,557	2,581	51,472
9. District of Columbia.....	DC	L	3,700,242	4,301,195	563	4,031,110	5,968,188	28,218,710	2,988	4,550
10. Florida.....	FL	L	81,533,098	83,555,410	170,563	52,571,605	57,084,923	166,864,181	4,908	1,259,146
11. Georgia.....	GA	L	19,498,852	25,443,264	13,955	10,901,248	(1,973,657)	80,692,468	26,273	600,731
12. Hawaii.....	HI	L	3,380,786	3,858,350	0	650,894	2,955,577	10,012,635	665	428,270
13. Idaho.....	ID	L	1,989,578	2,701,901	9,614	1,366,288	(231,763)	5,951,840	3,584	99,283
14. Illinois.....	IL	L	58,048,255	65,422,216	2,915	73,328,602	35,853,544	320,406,488	46,912	789,995
15. Indiana.....	IN	L	12,823,226	13,882,323	429	11,154,349	9,281,911	53,270,909	7,788	349,900
16. Iowa.....	IA	L	9,725,376	11,108,517	738	4,354,449	4,868,345	42,206,191	6,940	74,692
17. Kansas.....	KS	L	17,507,391	18,715,414	3,873	8,297,066	8,683,361	44,160,031	11,564	81,538
18. Kentucky.....	KY	L	11,733,484	12,204,090	2,449	5,654,902	5,323,815	39,872,190	10,372	147,874
19. Louisiana.....	LA	L	55,488,807	59,376,025	62,507	48,903,912	18,461,236	112,746,067	36,794	490,925
20. Maine.....	ME	L	3,740,949	4,318,214	195	4,878,196	(284,592)	7,821,489	4,328	25,947
21. Maryland.....	MD	L	17,525,137	20,407,366	4,502	19,165,426	20,773,401	78,891,303	20,607	114,557
22. Massachusetts.....	MA	L	31,261,234	40,388,152	1,812	18,997,438	6,425,615	140,946,597	65,075	224,572
23. Michigan.....	MI	L	22,844,768	26,396,472	1,834	23,868,105	16,293,269	84,009,915	21,236	268,386
24. Minnesota.....	MN	L	24,950,397	31,416,207	32,307	19,491,269	9,602,086	138,610,162	18,957	310,845
25. Mississippi.....	MS	L	18,767,036	20,045,984	24,201	8,124,625	2,254,811	47,700,352	16,012	299,716
26. Missouri.....	MO	L	19,098,719	21,221,404	2,983	9,203,301	16,065,824	85,976,931	19,213	261,918
27. Montana.....	MT	L	6,467,160	6,805,299	15,411	1,754,099	2,036,107	22,706,012	12,293	29,376
28. Nebraska.....	NE	L	5,225,065	6,073,321	914	14,363,055	(1,160,207)	28,687,665	3,942	62,176
29. Nevada.....	NV	L	9,167,181	10,813,271	8,278	13,255,706	2,332,490	38,616,937	10,372	1,406,168
30. New Hampshire.....	NH	L	3,442,633	5,162,799	1,293	2,152,923	664,777	20,925,075	6,525	97,845
31. New Jersey.....	NJ	L	45,539,203	55,660,931	12,073	29,074,448	6,824,731	156,390,582	73,414	724,550
32. New Mexico.....	NM	L	29,687,014	31,752,312	8,170	10,119,110	11,790,552	47,842,318	35,472	132,424
33. New York.....	NY	L	121,588,995	135,410,100	(1,244)	77,557,403	44,572,468	453,347,839	156,278	3,613,155
34. North Carolina.....	NC	L	20,537,801	23,043,435	22,703	9,709,870	6,621,176	52,549,798	26,812	139,747
35. North Dakota.....	ND	L	7,457,334	7,620,170	2,692	3,280,232	3,668,800	9,373,800	3,483	16,858
36. Ohio.....	OH	L	24,979,375	30,753,822	1,891	15,969,519	7,975,129	87,662,537	17,642	263,350
37. Oklahoma.....	OK	L	22,163,223	23,312,107	69,115	8,169,839	12,119,101	38,866,358	1,537	268,037
38. Oregon.....	OR	L	7,285,493	9,911,732	0	10,872,536	8,809,402	25,245,527	10,434	97,360
39. Pennsylvania.....	PA	L	51,805,742	57,016,786	11,149	31,604,674	16,601,004	171,791,112	54,659	476,362
40. Rhode Island.....	RI	L	3,640,824	4,021,991	0	1,431,738	1,054,475	49,775,453	9,057	23,104
41. South Carolina.....	SC	L	7,755,225	8,274,442	10,247	5,785,984	7,300,842	35,622,685	10,628	115,563
42. South Dakota.....	SD	L	3,215,355	3,780,278	1,537	607,537	337,104	15,912,385	2,293	36,921
43. Tennessee.....	TN	L	12,208,383	14,712,782	9,212	14,674,410	10,404,797	58,270,131	12,751	312,842
44. Texas.....	TX	L	136,301,094	140,581,075	8,649	75,305,575	42,314,994	381,662,543	144,245	949,105
45. Utah.....	UT	L	15,453,510	18,723,559	4,905	10,736,274	9,438,760	33,349,416	28,407	36,170
46. Vermont.....	VT	L	3,011,649	3,747,294	264	549,087	397,674	10,506,916	5,198	17,144
47. Virginia.....	VA	L	28,185,356	31,026,769	7,687	11,058,505	8,450,287	77,357,065	40,191	187,990
48. Washington.....	WA	L	18,819,826	37,859,159	4,168	44,981,924	40,067,957	118,634,917	38,139	342,127
49. West Virginia.....	WV	L	14,296,515	14,513,902	10,080	13,225,816	9,392,208	28,207,735	6,270	23,952
50. Wisconsin.....	WI	L	22,140,693	26,964,124	4,496	8,923,990	9,928,057	76,015,912	9,397	113,326
51. Wyoming.....	WY	L	22,168,956	25,843,273	7,507	11,194,458	15,130,132	28,100,306	19,393	9,889
52. American Samoa.....	AS	N	0	0	0	0	0	0	0	0
53. Guam.....	GU	L	15,710	16,057	0	0	12,575	21,940	0	0
54. Puerto Rico.....	PR	L	1,249,984	1,231,484	0	478,423	(509,115)	6,220,757	7	0
55. US Virgin Islands.....	VI	L	586,037	370,660	0	6,664	79,755	936,716	0	0
56. Northern Mariana Islands.....	MP	N	0	0	0	0	0	0	0	0
57. Canada.....	CN	L	235,033,436	243,627,732	0	109,298,355	120,109,776	423,784,344	0	0
58. Aggregate Other Alien.....	OT	XXX	52,249,423	61,707,428	0	9,350,499	20,766,735	77,347,652	0	0
59. Totals.....	(a).....54		1,551,052,072	1,745,812,299	669,431	1,026,207,068	722,337,105	4,846,932,160	1,328,990	19,214,274

**DETAILS OF WRITE-INS**

5801. Other Alien Combined.....	XXX		52,249,423	61,707,428	0	9,350,499	20,766,735	77,347,652	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 (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX		52,249,423	61,707,428	0	9,350,499	20,766,735	77,347,652	0	0

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

Explanation of Basis of Allocation of Premiums by States, etc.

FIRE; ALLIED LINES; FARMOWNERS MULTI PERIL; HOMEOWNERS MULTI PERIL; COMMERCIAL MULTI PERIL; EARTHQUAKE; BURGLARY & THEFT; BOILER & MACHINERY-LOCATION OF PROPERTY INSURED; OCEAN MARINE-LOCATION WHERE CONTRACT OF INSURANCE IS NEGOTIATED, EXCEPT BUILDERS RISKS WHICH ARE ALLOCATED ON LOCATIONS OF RISK; INLAND MARINE-ADDRESS OF INSURED OR STATE OF PRINCIPAL EXPOSURE, BRIDGES & TUNNELS-LOCATION OF PROPERTY; FINANCIAL GUARANTY; GROUP ACCIDENT & HEALTH; OTHER ACCIDENT & HEALTH; CREDIT-LOCATION OF INSURED; MEDICAL MALPRACTICE; WORKERS COMPENSATION; OTHER LIABILITY; PRODUCTS LIABILITY-LOCATION OF RISK; AUTO LIABILITY; AUTO PHYSICAL DAMAGE-LOCATION OF PRINCIPAL GARAGE OF INSURED; AIRCRAFT (ALL PERILS)-LOCATION OF AIRPORT FROM WHICH INSURED AIRCRAFT PRINCIPALLY OPERATE; FIDELITY-FORGERY-LOCATION OF INSURED, PUBLIC & FEDERAL OFFICIAL-LOCATION OF OFFICIAL, ALL OTHER FIDELITY-LOCATION OF EMPLOYER; SURETY-CONSTRUCTION CONTRACT-LOCATION OF WORK, SUPPLY CONTRACTS-LOCATION OF CONTRACTOR, JUDICIAL-LOCATION OF COURT, LICENSE-LOCATION OF OBLIGEE; ALL OTHER-LOCATION OF PRINCIPAL.

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

The Travelers Companies, Inc.	Minnesota	41-0518860	... AE Development	Connecticut	06-0952727
... St. Paul Fire and Marine Insurance Company (24767) *	Minnesota	41-0406690	... Ponderosa Homes (23%)	Connecticut	06-0961413
... St. Paul Mercury Insurance Company (24791) *	Minnesota	41-0881659	... Farmington Casualty Company (41483) *	Connecticut	06-1067463
... St. Paul Guardian Insurance Company (24775) *	Minnesota	41-0963301	... Travelers Guarantee Company of Canada*	Canada	
... St. Paul Fire and Casualty Insurance Company (40967) *	Wisconsin	41-1419276	... Coronation Insurance Company, Ltd. *	Canada	
... St. Paul Surplus Lines Insurance Company (30481) *	Delaware	41-1230819	... Travelers Casualty and Surety Company of America (31194) *	Connecticut	06-0907370
... Athena Assurance Company (41769) *	Minnesota	41-1435765	... Travelers Casualty Insurance Company of America (19046) *	Connecticut	06-0876835
... St. Paul Medical Liability Insurance Company (41750) *	Minnesota	41-1435766	... Travelers Casualty Company of Connecticut (36170) *	Connecticut	06-1286266
... Northbrook Holdings, Inc.	Delaware	51-0375653	... Travelers Commercial Insurance Company (36137) *	Connecticut	06-1286268
... Discover Property & Casualty Insurance Company (36463) *	Illinois	36-2999370	... Travelers Excess and Surplus Lines Company (29696) *	Connecticut	06-1203698
... St. Paul Protective Insurance Company (19224) *	Illinois	36-2542404	... Travelers Lloyds of Texas Insurance Company (41564) *	Texas	75-1732040
... Discover Specialty Insurance Company (10213) *	Illinois	52-1925132	... Travelers PC Fund Investments, Inc.	Connecticut	06-1514468
... Captiva, Ltd. (81.1%) *	Bermuda	98-0170615	... The Travelers Indemnity Company (25658) *	Connecticut	06-0566050
... United States Fidelity and Guaranty Company (25887) *	Connecticut	52-0515280	... The Charter Oak Fire Insurance Company (25615) *	Connecticut	06-0291290
... Fidelity and Guaranty Insurance Underwriters, Inc. (25879) *	Wisconsin	52-0616768	... First Floridian Auto and Home Insurance Company (10647) *	Florida	59-3372141
... Fidelity and Guaranty Insurance Company (35386) *	Iowa	42-1091525	... First Trenton Indemnity Company (29930) *	Connecticut	22-3129711
... MMI Capital Trust I	Delaware	52-2073764	... Travelers Auto Insurance Co. of New Jersey (10785) *	Connecticut	22-3499393
... USF&G Capital I	Delaware	52-1953822	... Gulf Underwriters Insurance Company (42811) *	Connecticut	56-1371361
... USF&G Capital III	Delaware	52-2044075	... Select Insurance Company (22233) *	Texas	75-6013697
... 350 Market Street	Minnesota	41-1618103	... Gulf Insurance Holdings U.K. Ltd.	United Kingdom	
... UA Combined Investment Company, Ltd	United Kingdom		... Gulf Underwriting Holdings Limited	United Kingdom	
... Jago Dedicated, Ltd	United Kingdom		... Gulf Underwriting Limited *	United Kingdom	
... Mountain Ridge Insurance Company (10950) *	Vermont	52-1957776	... Travelers Casualty and Surety Company of Europe, Limited *	United Kingdom	
... St. Paul Bermuda Holdings, Inc.	Delaware	41-1835264	... Commercial Guaranty Insurance Company (38385) *	Delaware	75-1679830
... St. Paul (Bermuda), Ltd. *	Bermuda	98-0162036	... Jupiter Holdings, Inc.	Minnesota	41-1769846
... St. Paul Re (Bermuda), Ltd. *	Bermuda	98-0114704	... American Equity Insurance Company (43117) *	Arizona	86-0703220
... Travelers Insurance Company Limited *	United Kingdom	AA-1121375	... American Equity Specialty Insurance Company (10819) *	Connecticut	86-0868106
... F&G U.K. Underwriters Limited	United Kingdom		... Northland Insurance Company (24015) *	Minnesota	41-6009967
... Lloyds Syndicate 5000 (40%) *	United Kingdom		... Northfield Insurance Company (27987) *	Iowa	41-0983992
... Aprilgrange Limited	United Kingdom		... Northland Casualty Company (24031) *	Minnesota	94-6051964
... Lloyds Syndicate 5000 (60%) *	United Kingdom		... Travelers Indemnity UK Investments, LLC	Connecticut	06-1591454
... Travelers Property Casualty Corp.	Connecticut	06-1008174	... The Phoenix Insurance Company (25623) *	Connecticut	06-0303275
... Travelers Insurance Group Holdings Inc.	Delaware	06-1445591	... The Travelers Indemnity Company of America (25666) *	Connecticut	58-6020487
... TPC Investments Inc.	Connecticut	06-1534005	... The Travelers Indemnity Company of Connecticut (25682) *	Connecticut	06-0336212
... The Standard Fire Insurance Company (19070) *	Connecticut	06-6033509	... Travelers Property Casualty Company of America (25674) *	Connecticut	36-2719165
... AE Properties, Inc.	California	95-2798160	... Constitution State Services, LLC	Delaware	06-1501229
... Standard Fire UK Investments, LLC	Delaware	06-6033509	... The Premier Insurance Company of Massachusetts (12850) *	Massachusetts	04-3175569
... The Automobile Insurance Company of Hartford, Connecticut (19062) *	Connecticut	06-0848755	... TravCo Insurance Company (28188) *	Connecticut	35-1838077
... Travelers Personal Security Insurance Company (36145) *	Connecticut	06-1286264	... TINDY Foreign, Inc	Delaware	20-4403403
... Travelers Property Casualty Insurance Company (36161) *	Connecticut	06-1286274	... Travelers Commercial Casualty Company (40282) *	Connecticut	95-3634110
... Travelers Personal Insurance Company (38130) *	Connecticut	36-3703200	... The Travelers Home and Marine Insurance Company (27998) *	Connecticut	35-1838079
... Travelers (Bermuda) Limited *	Bermuda	98-0190863	... The Travelers Lloyds Insurance Company (41262) *	Texas	76-0002592
... Travelers Casualty and Surety Company (19038) *	Connecticut	06-6033504	... The Travelers Marine Corporation	California	94-0338230
... Ponderosa Homes (77%)	Connecticut	06-0961413			

*Notes:*

\* Denotes affiliated insurer

Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

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