



ANNUAL STATEMENT
For the Year Ended December 31, 2009

OF THE CONDITION AND AFFAIRS OF
THE TRAVELERS
INDEMNITY COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 25658 Employer's ID Number 06-0566050
(Current Period) (Prior Period)

Organized under the Laws of Connecticut, State of Domicile or Port of Entry Connecticut,
Country of Domicile US

INCORPORATED/ORGANIZED, MARCH 25, 1903 COMMENCED BUSINESS, MAY 12, 1906

Statutory Home Office: One Tower Square, Hartford, CT 06183
Main Administrative Office: One Tower Square, Hartford, CT 06183 (860) 277-0111
Mail Address: One Tower Square, Hartford, CT 06183
Primary Location of Books and Records: One Tower Square, Hartford, CT 06183 (860) 277-0111
Internet Website Address: www.travelers.com
Statutory Statement Contact: Michael J. Doody (860) 277-3966
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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 BRIAN WILLIAM MacLEAN # GREGORY CHESHIRE TOCZYDLOWSKI
WILLIAM HERBERT HEYMAN 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.

Signatures of Brian W. MacLean, Wendy C. Skjerven, and Douglas K. Russell with their respective titles: President, Secretary, and Controller.

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 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	13,404,390,294	0	13,404,390,294	13,154,258,716
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	94,112,400	0	94,112,400	119,725,302
2.2 Common stocks.....	3,717,852,371	34,629,778	3,683,222,593	3,517,891,708
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	35,264,403	0	35,264,403	36,769,781
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).....	186,307,188	0	186,307,188	180,021,776
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....(426,003,696), Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$....554,045,289, Sch. DA).....	128,041,593	0	128,041,593	114,578,178
6. Contract loans (including \$.....0 premium notes).....	1,863,640	1,863,640	0	0
7. Other invested assets (Schedule BA).....	642,737,795	23,987,969	618,749,825	630,137,929
8. Receivables for securities.....	5	0	5	100,828,129
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	18,210,569,689	60,481,388	18,150,088,302	17,854,211,519
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	163,890,892	0	163,890,892	168,882,443
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	258,710,973	43,053,473	215,657,500	203,184,920
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$....(2,409,908) earned but unbilled premiums).....	840,999,738	6,354,660	834,645,078	906,579,151
13.3 Accrued retrospective premiums.....	113,075,277	472,663	112,602,614	74,948,426
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	622,189,717	0	622,189,717	809,791,725
14.2 Funds held by or deposited with reinsured companies.....	5,012,578	0	5,012,578	4,670,635
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.....	21,580,009	0	21,580,009	7,547,481
16.2 Net deferred tax asset.....	817,035,976	400,094,797	416,941,179	301,031,003
17. Guaranty funds receivable or on deposit.....	7,450,638	0	7,450,638	9,060,837
18. Electronic data processing equipment and software.....	38,039,356	21,824	38,017,532	54,843,157
19. Furniture and equipment, including health care delivery assets (\$.....0).....	290,249,592	290,249,592	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.....	1,288,431,920	626,304,156	662,127,764	393,378,755
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	22,677,236,355	1,427,032,553	21,250,203,802	20,788,130,051
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	22,677,236,355	1,427,032,553	21,250,203,802	20,788,130,051

**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. Reinsurance receivable intercompany.....	307,921,726	0	307,921,726	0
2302. COLI supplemental benefits trust.....	119,312,733	0	119,312,733	103,117,844
2303. Suspense, undistributed payments.....	75,348,520	0	75,348,520	104,571,793
2398. Summary of remaining write-ins for Line 23 from overflow page.....	785,848,941	626,304,156	159,544,785	185,689,118
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,288,431,920	626,304,156	662,127,764	393,378,755

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	6,890,771,196	7,054,244,435
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	5,971,478	4,411,743
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	1,617,891,069	1,614,428,187
4. Commissions payable, contingent commissions and other similar charges.....	123,869,842	135,864,984
5. Other expenses (excluding taxes, licenses and fees).....	119,040,883	99,452,735
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	96,034,858	126,946,360
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 \$.....6,888,832,256 and including warranty reserves of \$.....0).....	1,866,204,658	1,888,702,988
10. Advance premium.....	66,664,066	56,514,587
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	8,611,333	8,328,618
12. Ceded reinsurance premiums payable (net of ceding commissions).....	118,022,184	110,921,642
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	145,525,632	177,174,134
14. Amounts withheld or retained by company for account of others.....	1,031,424,679	963,943,767
15. Remittances and items not allocated.....	144,716,577	133,982,960
16. Provision for reinsurance (Schedule F, Part 7).....	173,164,741	232,041,217
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	372,341,427	169,677,971
20. Payable for securities.....	16,356,528	7,486,768
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.....	80,953,773	41,762,857
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	12,877,564,926	12,825,885,953
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	12,877,564,926	12,825,885,953
27. Aggregate write-ins for special surplus funds.....	160,743,128	43,908,761
28. Common capital stock.....	10,790,700	10,790,700
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.....	4,299,812,250	4,299,812,250
33. Unassigned funds (surplus).....	3,901,292,799	3,607,732,388
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).....	8,372,638,876	7,962,244,098
36. TOTALS (Page 2, Line 26, Col. 3).....	21,250,203,802	20,788,130,051

### DETAILS OF WRITE-INS

2301. Retrospective premium reserve.....	61,556,574	27,821,831
2302. Escheat liability.....	60,791,089	59,232,474
2303. Retroactive reinsurance reserve assumed.....	541,586	1,084,974
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(41,935,477)	(46,376,422)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	80,953,773	41,762,857
2701. Special surplus for deferred taxes.....	126,144,495	0
2702. Special surplus from retroactive reinsurance.....	34,598,633	43,908,761
2703. ....	0	0
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).....	160,743,128	43,908,761
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

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	4,229,987,615	4,203,115,356
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7).....	1,946,632,070	2,024,131,019
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	517,204,286	552,384,756
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,349,634,269	1,316,510,291
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	3,813,470,625	3,893,026,067
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	416,516,989	310,089,289
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,024,388,851	1,396,462,427
10. Net realized capital gains (losses) less capital gains tax of \$....(13,486,641) (Exhibit of Capital Gains (Losses)).....	(40,750,923)	(175,915,707)
11. Net investment gain (loss) (Lines 9 + 10).....	983,637,928	1,220,546,720
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....36,402,740 amount charged off \$....50,596,975).....	(14,194,235)	(10,102,093)
13. Finance and service charges not included in premiums.....	21,941,338	21,559,868
14. Aggregate write-ins for miscellaneous income.....	30,822,657	(101,082,279)
15. Total other income (Lines 12 through 14).....	38,569,760	(89,624,504)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,438,724,677	1,441,011,505
17. Dividends to policyholders.....	4,071,303	5,112,029
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).....	1,434,653,374	1,435,899,476
19. Federal and foreign income taxes incurred.....	234,195,662	185,890,379
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,200,457,712	1,250,009,097
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	7,962,244,098	8,470,643,647
22. Net income (from Line 20).....	1,200,457,712	1,250,009,097
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....10,433,930.....	184,414,239	(436,573,975)
25. Change in net unrealized foreign exchange capital gain (loss).....	730,455	4,063,092
26. Change in net deferred income tax.....	(47,525,957)	56,342,200
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	98,420,425	(313,516,100)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	58,876,476	92,502,383
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.....	38,876,933	0
32. Capital changes:		
32.1 Paid in.....	0	20,700
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	0	15,369,300
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.....	(1,250,000,000)	(1,185,000,000)
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.....	126,144,495	8,383,754
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	410,394,778	(508,399,549)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	8,372,638,876	7,962,244,098
<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. Profit and loss, miscellaneous.....	17,662,959	(43,427,019)
1402. Change in COLI cash values.....	16,625,141	(12,267,107)
1403. Fines and penalties of regulatory authorities.....	(836,029)	(3,503,991)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(2,629,415)	(41,884,162)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	30,822,657	(101,082,279)
3701. Change in special surplus from deferred taxes.....	126,144,495	0
3702. Prior period adjustment.....	0	8,383,754
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).....	126,144,495	8,383,754

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	4,250,086,255	4,231,629,811
2. Net investment income.....	1,089,567,167	1,437,135,897
3. Miscellaneous income.....	38,569,760	(89,624,504)
4. Total (Lines 1 through 3).....	5,378,223,182	5,579,141,204
5. Benefit and loss related payments.....	1,921,285,509	2,073,503,853
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,894,932,848	1,841,869,174
8. Dividends paid to policyholders.....	3,788,587	3,924,550
9. Federal and foreign income taxes paid (recovered) net of \$.....(15,949,015) tax on capital gains (losses).....	234,741,548	158,273,289
10. Total (Lines 5 through 9).....	4,054,748,493	4,077,570,865
11. Net cash from operations (Line 4 minus Line 10).....	1,323,474,689	1,501,570,339
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,750,194,975	1,941,414,773
12.2 Stocks.....	75,003,555	881,544,842
12.3 Mortgage loans.....	1,505,377	1,406,273
12.4 Real estate.....	0	0
12.5 Other invested assets.....	76,919,726	139,334,256
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(115,554)	(29)
12.7 Miscellaneous proceeds.....	109,697,883	2,808,058
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,013,205,963	2,966,508,174
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,947,613,152	2,610,947,781
13.2 Stocks.....	63,366,610	965,539,733
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	12,116,200	7,557,472
13.5 Other invested assets.....	94,895,532	80,977,030
13.6 Miscellaneous applications.....	0	101,371,585
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,117,991,494	3,766,393,601
14. Net increase (decrease) in contract loans and premium notes.....	(615,177)	296,677
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(104,170,354)	(800,182,104)
<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.....	0	15,390,000
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.....	1,250,000,000	1,185,000,000
16.6 Other cash provided (applied).....	44,159,080	471,094,344
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(1,205,840,920)	(698,515,656)
<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).....	13,463,415	2,872,579
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	114,578,178	111,705,600
19.2 End of year (Line 18 plus Line 19.1).....	128,041,593	114,578,178
<b>Note: Supplemental disclosures of cash flow information for non-cash transactions:</b>		
20.0001 Stock converted to bonds.....	23,895,961	21,241,023
20.0002 Exchange of stock.....	7,555,042	0
20.0003 Stock distributions from limited partnerships.....	2,734,970	10,959,892
20.0004 Intercompany transactions.....	0	566,221,683
20.0005 Bonds converted to other invested assets.....	0	5,000,000

## 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.....	127,975,722	57,182,322	57,010,156	128,147,887
2.	Allied lines.....	104,061,525	46,160,658	46,096,567	104,125,616
3.	Farmowners multiple peril.....	32,830,956	14,310,148	15,807,970	31,333,134
4.	Homeowners multiple peril.....	660,562,748	332,977,856	351,056,410	642,484,194
5.	Commercial multiple peril.....	649,006,393	304,221,465	311,892,930	641,334,928
6.	Mortgage guaranty.....	0	0	0	0
8.	Ocean marine.....	61,868,475	26,443,367	25,733,659	62,578,183
9.	Inland marine.....	159,997,044	78,626,395	74,572,890	164,050,549
10.	Financial guaranty.....	0	0	0	0
11.1	Medical professional liability - occurrence.....	(1,552)	(2,537)	(1,098)	(2,990)
11.2	Medical professional liability - claims-made.....	839	73,633	4,235	70,238
12.	Earthquake.....	19,596,684	8,497,988	9,201,547	18,893,126
13.	Group accident and health.....	70,971	110,069	59,906	121,134
14.	Credit accident and health (group and individual).....	0	0	0	0
15.	Other accident and health.....	932,212	398,429	422,166	908,474
16.	Workers' compensation.....	586,707,197	219,806,624	226,685,863	579,827,958
17.1	Other liability - occurrence.....	395,275,914	181,396,104	169,942,132	406,729,885
17.2	Other liability - claims-made.....	144,640,127	91,306,133	84,712,103	151,234,157
17.3	Excess workers' compensation.....	6,843,989	2,181,444	2,284,400	6,741,032
18.1	Products liability - occurrence.....	30,646,269	13,896,516	12,519,364	32,023,421
18.2	Products liability - claims-made.....	4,419,989	2,147,959	1,946,354	4,621,594
19.1, 19.2	Private passenger auto liability.....	442,663,065	140,942,973	136,798,582	446,807,455
19.3, 19.4	Commercial auto liability.....	349,459,983	163,090,272	157,405,466	355,144,789
21.	Auto physical damage.....	374,235,535	133,800,311	128,421,127	379,614,719
22.	Aircraft (all perils).....	1,790,368	(767,318)	572,128	450,922
23.	Fidelity.....	12,877,731	10,884,812	8,931,178	14,831,365
24.	Surety.....	7,651,114	(1,218,449)	(1,008,794)	7,441,458
26.	Burglary and theft.....	2,179,773	1,078,410	979,569	2,278,613
27.	Boiler and machinery.....	39,504,345	17,650,223	17,067,008	40,087,559
28.	Credit.....	(12,156)	16,262	5,817	(1,711)
29.	International.....	2,302,457	128,387	196,761	2,234,084
30.	Warranty.....	0	0	0	0
31.	Reinsurance - nonproportional assumed property.....	239,065	(30,682)	52,139	156,244
32.	Reinsurance - nonproportional assumed liability.....	4,532,521	3,266,332	2,821,732	4,977,122
33.	Reinsurance - nonproportional assumed financial lines.....	927,564	183,909	419,372	692,101
34.	Aggregate write-ins for other lines of business.....	64,054	0	13,679	50,375
35.	TOTALS.....	4,223,850,921	1,848,760,011	1,842,623,317	4,229,987,615

## DETAILS OF WRITE-INS

3401.	Tribal workers' compensation.....	64,054	0	13,679	50,375
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).....	64,054	0	13,679	50,375

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	55,877,006	1,563,313	(430,163)	0	57,010,156
2.	Allied lines.....	45,004,719	1,091,848	0	0	46,096,567
3.	Farmowners multiple peril.....	15,808,143	(173)	(0)	0	15,807,970
4.	Homeowners multiple peril.....	351,170,587	(114,178)	0	0	351,056,410
5.	Commercial multiple peril.....	308,782,436	(540,242)	3,650,737	0	311,892,930
6.	Mortgage guaranty.....	0	0	0	0	0
8.	Ocean marine.....	25,940,261	189,328	(395,930)	0	25,733,659
9.	Inland marine.....	63,031,917	12,146,513	(605,540)	0	74,572,890
10.	Financial guaranty.....	879	(879)	0	0	0
11.1	Medical professional liability - occurrence.....	(1,098)	0	0	0	(1,098)
11.2	Medical professional liability - claims-made.....	253	0	0	3,982	4,235
12.	Earthquake.....	8,836,187	365,359	0	0	9,201,547
13.	Group accident and health.....	59,906	0	0	0	59,906
14.	Credit accident and health (group and individual).....	0	0	0	0	0
15.	Other accident and health.....	418,928	3,239	(0)	0	422,166
16.	Workers' compensation.....	248,277,517	(2,895)	2,662,322	(24,251,081)	226,685,863
17.1	Other liability - occurrence.....	169,935,983	1,779,234	(426,123)	(1,346,962)	169,942,132
17.2	Other liability - claims-made.....	71,065,474	13,631,510	15,119	0	84,712,103
17.3	Excess workers' compensation.....	2,283,358	0	1,042	0	2,284,400
18.1	Products liability - occurrence.....	12,499,424	15,502	52,928	(48,490)	12,519,364
18.2	Products liability - claims-made.....	1,945,918	0	436	0	1,946,354
19.1, 19.2	Private passenger auto liability.....	136,798,582	0	0	0	136,798,582
19.3, 19.4	Commercial auto liability.....	157,426,159	324,512	(0)	(345,204)	157,405,466
21.	Auto physical damage.....	128,370,494	54,126	(0)	(3,494)	128,421,127
22.	Aircraft (all perils).....	570,671	1,457	0	0	572,128
23.	Fidelity.....	5,456,971	3,475,231	(1,025)	0	8,931,178
24.	Surety.....	363,735	741,367	(2,113,895)	0	(1,008,794)
26.	Burglary and theft.....	705,799	273,770	0	0	979,569
27.	Boiler and machinery.....	16,586,982	480,026	0	0	17,067,008
28.	Credit.....	5,817	0	0	0	5,817
29.	International.....	196,761	0	0	0	196,761
30.	Warranty.....	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property.....	52,139	0	0	0	52,139
32.	Reinsurance - nonproportional assumed liability.....	2,685,663	136,069	0	0	2,821,732
33.	Reinsurance - nonproportional assumed financial lines.....	419,372	0	0	0	419,372
34.	Aggregate write-ins for other lines of business.....	13,679	0	0	0	13,679
35.	TOTALS.....	1,830,590,622	35,614,036	2,409,908	(25,991,249)	1,842,623,317
36.	Accrued retrospective premiums based on experience.....					25,991,249
37.	Earned but unbilled premiums.....					(2,409,908)
38.	Balance (sum of Lines 35 through 37).....					1,866,204,658

## DETAILS OF WRITE-INS

3401.	Tribal workers' compensation.....	13,679	0	0	0	13,679
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).....	13,679	0	0	0	13,679

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	160,796,866	544,926,785	16,441,929	421,511,808	172,678,051	127,975,722
2. Allied lines.....	118,264,156	589,451,495	11,421,387	342,746,232	272,329,282	104,061,525
3. Farmowners multiple peril.....	27,550,745	115,373,906	0	108,134,935	1,958,760	32,830,956
4. Homeowners multiple peril.....	56,383,667	2,877,624,459	0	2,175,693,383	97,751,996	660,562,748
5. Commercial multiple peril.....	259,217,438	2,760,561,696	0	2,138,693,287	232,079,454	649,006,393
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	10,196	285,057,125	173,174	203,775,495	19,596,525	61,868,475
9. Inland marine.....	36,596,132	705,359,439	3,880,476	526,986,981	58,852,023	159,997,044
10. Financial guaranty.....	(35,151)	39,165	99,483	0	103,497	0
11.1 Medical professional liability - occurrence.....	0	1	0	305	1,248	(1,552)
11.2 Medical professional liability - claims-made.....	22,916	(979)	0	2,765	18,333	839
12. Earthquake.....	29,075,509	70,121,678	3,574,773	64,556,977	18,618,299	19,596,684
13. Group accident and health.....	0	70,971	0	0	0	70,971
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	682	931,530	0	0	0	932,212
16. Workers' compensation.....	355,323,661	2,397,608,496	81,140,084	1,933,144,859	314,220,184	586,707,197
17.1 Other liability - occurrence.....	257,688,919	1,601,181,948	0	1,302,495,113	161,099,840	395,275,914
17.2 Other liability - claims-made.....	1,072,715	725,062,649	0	476,561,354	104,933,883	144,640,127
17.3 Excess workers' compensation.....	55,756	32,737,748	0	22,541,966	3,407,550	6,843,989
18.1 Products liability - occurrence.....	10,380,933	124,346,734	0	100,939,257	3,142,140	30,646,269
18.2 Products liability - claims-made.....	207,428	19,168,475	0	14,558,065	397,849	4,419,989
19.1, 19.2 Private passenger auto liability.....	37,837,514	1,869,681,134	9,971,009	1,457,994,155	16,832,438	442,663,065
19.3, 19.4 Commercial auto liability.....	113,063,872	1,485,440,699	(12,698,273)	1,151,111,749	85,234,566	349,459,983
21. Auto physical damage.....	53,945,639	1,560,782,331	3,556,328	1,232,615,206	11,433,556	374,235,535
22. Aircraft (all perils).....	0	7,921,271	0	5,899,978	230,924	1,790,368
23. Fidelity.....	38,695	61,976,059	0	42,503,265	6,633,758	12,877,731
24. Surety.....	2,001,400	13,172,960	0	22,208,671	(14,685,424)	7,651,114
26. Burglary and theft.....	5,512	10,418,204	0	8,101,799	142,144	2,179,773
27. Boiler and machinery.....	13,940,306	105,881,277	58,577,525	130,114,999	8,779,764	39,504,345
28. Credit.....	795	(52,194)	0	(40,038)	795	(12,156)
29. International.....	0	9,886,035	0	7,583,577	0	2,302,457
30. Warranty.....	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property.....	XXX	(207,803)	2,092,978	787,406	858,704	239,065
32. Reinsurance - nonproportional assumed liability.....	XXX	19,021,473	2,419,673	14,928,712	1,979,913	4,532,521
33. Reinsurance - nonproportional assumed financial lines.....	XXX	3,982,669	0	3,055,106	0	927,564
34. Aggregate write-ins for other lines of business.....	0	275,029	0	210,975	0	64,054
35. TOTALS.....	1,533,446,300	17,997,802,466	180,650,547	13,909,418,343	1,578,630,050	4,223,850,921

#### DETAILS OF WRITE-INS

3401. Tribal workers' compensation.....	0	275,029	0	210,975	0	64,054
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).....	0	275,029	0	210,975	0	64,054

(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.....	65,540,191	235,773,191	246,936,085	54,377,297	63,448,695	68,946,213	48,879,780	38.1
2. Allied lines.....	117,901,879	440,205,943	474,848,845	83,258,977	59,323,998	77,388,271	65,194,703	62.6
3. Farmowners multiple peril.....	16,835,955	51,687,085	52,482,408	16,040,632	8,561,256	5,128,440	19,473,448	62.1
4. Homeowners multiple peril.....	26,045,816	1,462,917,536	1,146,749,767	342,213,585	152,611,943	175,176,329	319,649,199	49.8
5. Commercial multiple peril.....	115,419,950	1,156,707,845	994,694,522	277,433,273	523,574,507	566,195,606	234,812,174	36.6
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	2,330,386	116,931,286	91,947,318	27,314,355	38,738,533	40,916,501	25,136,387	40.2
9. Inland marine.....	6,867,408	327,305,293	263,508,979	70,663,722	66,997,077	74,604,361	63,056,437	38.4
10. Financial guaranty.....	0	0	0	0	3,647	3,647	0	0.0
11.1 Medical professional liability - occurrence.....	2,500	28,401,571	22,235,503	6,168,568	13,239,759	20,279,453	(871,125)	29,130.1
11.2 Medical professional liability - claims-made.....	2,079,966	36,430,081	29,654,549	8,855,499	35,374,655	35,685,218	8,544,935	12,165.8
12. Earthquake.....	0	1,544	493	1,052	755,322	795,044	(38,670)	(0.2)
13. Group accident and health.....	0	904,245	197,529	706,716	2,922,665	5,023,514	(1,394,133)	(1,150.9)
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	5,377	392,965	14,889	383,454	8,779,349	10,275,899	(1,113,096)	(122.5)
16. Workers' compensation.....	309,001,534	1,327,293,451	1,402,165,844	234,129,141	2,564,083,788	2,439,266,053	358,946,876	61.9
17.1 Other liability - occurrence.....	81,470,101	852,526,435	755,385,185	178,611,351	1,279,612,396	1,343,810,902	114,412,844	28.1
17.2 Other liability - claims-made.....	87,016,152	401,512,950	401,054,936	87,474,166	405,203,260	395,153,844	97,523,583	64.5
17.3 Excess workers' compensation.....	9,100	24,734,339	21,090,012	3,653,427	109,384,991	109,386,818	3,651,599	54.2
18.1 Products liability - occurrence.....	11,704,674	198,776,845	170,650,572	39,830,947	337,928,537	380,224,040	(2,464,556)	(7.7)
18.2 Products liability - claims-made.....	0	7,750,980	6,036,591	1,714,388	7,392,351	7,899,249	1,207,490	26.1
19.1, 19.2 Private passenger auto liability.....	40,265,155	1,049,233,097	839,845,965	249,652,288	347,627,397	349,075,691	248,203,994	55.6
19.3, 19.4 Commercial auto liability.....	62,056,926	805,468,824	691,391,710	176,134,040	410,452,950	437,676,769	148,910,221	41.9
21. Auto physical damage.....	24,885,445	852,961,287	677,336,156	200,510,576	22,965,292	23,514,511	199,961,356	52.7
22. Aircraft (all perils).....	32,771	4,113,352	3,405,969	740,154	7,386,213	5,165,698	2,960,669	656.6
23. Fidelity.....	(147,257)	33,486,333	25,275,382	8,063,694	32,671,736	26,515,480	14,219,950	95.9
24. Surety.....	6,978,528	31,597,441	30,146,149	8,429,820	74,339,754	94,616,841	(11,847,267)	(159.2)
26. Burglary and theft.....	3,037	889,531	784,428	108,139	3,042,236	3,638,635	(488,260)	(21.4)
27. Boiler and machinery.....	1,077,423	59,825,278	50,230,607	10,672,095	10,844,725	13,411,730	8,105,090	20.2
28. Credit.....	0	(78,504)	(60,220)	(18,284)	2,841,147	2,851,703	(28,840)	1,685.8
29. International.....	94	4,635,465	3,555,937	1,079,622	2,167,167	3,600,032	(353,243)	(15.8)
30. Warranty.....	0	0	0	0	(315)	(315)	(0)	0.0
31. Reinsurance - nonproportional assumed property.....	XXX	62,103,483	50,053,976	12,049,507	13,130,430	26,755,215	(1,575,279)	(1,008.2)
32. Reinsurance - nonproportional assumed liability.....	XXX	137,541,977	127,841,427	9,700,550	279,152,452	302,852,955	(13,999,953)	(281.3)
33. Reinsurance - nonproportional assumed financial lines.....	XXX	608,616	466,869	141,747	6,180,272	8,407,161	(2,085,143)	(301.3)
34. Aggregate write-ins for other lines of business.....	0	46,426	35,613	10,813	33,010	2,923	40,900	81.2
35. TOTALS.....	977,383,113	9,712,686,191	8,579,963,995	2,110,105,310	6,890,771,196	7,054,244,435	1,946,632,070	46.0

**DETAILS OF WRITE-INS**

3401. Tribal workers' compensation.....	0	46,426	35,613	10,813	33,010	2,923	40,900	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).....	0	46,426	35,613	10,813	33,010	2,923	40,900	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.....	58,632,691	147,862,627	171,211,476	35,283,842	23,464,421	141,861,740	137,161,308	63,448,695	6,401,933
2. Allied lines.....	100,924,623	189,916,282	253,331,087	37,509,818	27,638,464	134,574,651	140,398,935	59,323,998	11,013,285
3. Farmowners multiple peril.....	4,562,448	14,103,751	14,321,159	4,345,040	3,464,721	15,250,033	14,498,537	8,561,256	2,034,194
4. Homeowners multiple peril.....	9,929,233	355,017,199	280,925,375	84,021,057	6,292,622	322,348,809	260,050,545	152,611,943	35,239,587
5. Commercial multiple peril.....	117,579,847	1,123,623,812	965,921,162	275,282,497	171,799,238	1,020,411,680	943,918,909	523,574,507	252,905,251
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	1,572,833	126,922,882	100,921,139	27,574,577	8,784,829	77,849,181	75,470,054	38,738,533	8,020,792
9. Inland marine.....	3,987,249	211,632,048	176,200,656	39,418,641	36,013,710	141,597,962	150,033,236	66,997,077	9,486,313
10. Financial guaranty.....	0	0	0	0	0	3,647	(1)	3,647	2,831
11.1 Medical professional liability - occurrence.....	(5,885)	41,959,440	33,426,089	8,527,466	67,539,221	23,306,868	86,133,796	13,239,759	2,837,014
11.2 Medical professional liability - claims-made.....	6,866,906	123,872,612	104,294,332	26,445,186	49,488,895	22,881,217	63,440,644	35,374,655	4,626,093
12. Earthquake.....	0	50,060	38,401	11,659	177,437	2,415,971	1,849,744	755,322	467,710
13. Group accident and health.....	0	1,878,704	280,819	1,597,884	0	2,765,296	1,440,515	(a).....2,922,665	41,521
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	267,145	2,404,765	188,820	2,483,090	2,007,978	6,642,751	2,354,470	(a).....8,779,349	2,690,147
16. Workers' compensation.....	1,558,040,399	6,425,815,893	6,656,094,555	1,327,761,737	1,036,847,094	5,796,794,165	5,597,319,208	2,564,083,788	315,273,983
17.1 Other liability - occurrence.....	145,476,688	1,212,770,317	1,119,815,255	238,431,750	913,957,855	4,394,630,128	4,267,407,337	1,279,612,396	460,518,068
17.2 Other liability - claims-made.....	131,438,163	599,158,396	605,289,138	125,307,422	118,132,003	1,589,948,214	1,428,184,378	405,203,260	120,668,809
17.3 Excess workers' compensation.....	0	317,200,393	277,372,404	39,827,990	131,541	353,275,190	283,849,730	109,384,991	2,874,793
18.1 Products liability - occurrence.....	31,704,374	245,311,595	220,089,487	56,926,483	121,571,535	1,202,858,193	1,043,427,674	337,928,537	192,423,228
18.2 Products liability - claims-made.....	351	5,930,582	5,178,449	752,484	1,884,916	32,400,702	27,645,751	7,392,351	5,087,086
19.1, 19.2 Private passenger auto liability.....	51,474,131	872,037,575	716,683,604	206,828,103	37,037,479	625,281,086	521,519,270	347,627,397	78,226,994
19.3, 19.4 Commercial auto liability.....	64,282,853	995,938,630	845,294,728	214,926,756	81,673,381	921,439,476	807,586,663	410,452,950	66,872,598
21. Auto physical damage.....	1,258,983	46,803,649	37,596,352	10,466,280	14,391,728	57,676,397	59,569,114	22,965,292	5,277,290
22. Aircraft (all perils).....	844,988	84,466,199	83,890,613	1,420,574	1,157,617	50,624,187	45,816,165	7,386,213	1,531,348
23. Fidelity.....	872,496	38,916,052	31,648,781	8,139,768	20,921,017	118,403,263	114,792,311	32,671,736	7,985,709
24. Surety.....	6,968,829	258,231,129	228,146,788	37,053,169	20,931,761	125,569,629	109,214,804	74,339,754	11,591,239
26. Burglary and theft.....	2,012	120,964	113,182	9,794	7,718,245	10,929,094	15,614,897	3,042,236	819,907
27. Boiler and machinery.....	187,723	28,042,378	24,313,461	3,916,641	1,654,434	31,344,992	26,071,341	10,844,725	1,636,671
28. Credit.....	0	7,008,182	5,375,976	1,632,205	4,189	5,190,817	3,986,065	2,841,147	586,679
29. International.....	15,823	4,540,730	3,495,332	1,061,221	100,634	4,658,922	3,653,610	2,167,167	32,688
30. Warranty.....	(1,354)	0	(1,039)	(315)	0	0	0	(315)	0
31. Reinsurance - nonproportional assumed property.....	XXX	46,301,110	36,288,685	10,012,425	XXX	54,152,058	51,034,053	13,130,430	1,531,419
32. Reinsurance - nonproportional assumed liability.....	XXX	761,474,898	607,036,880	154,438,018	XXX	621,482,649	496,768,215	279,152,452	8,997,524
33. Reinsurance - nonproportional assumed financial lines.....	XXX	5,922,376	4,608,549	1,313,827	XXX	21,836,158	16,969,713	6,180,272	185,900
34. Aggregate write-ins for other lines of business.....	0	95,113	72,961	22,152	0	46,623	35,765	33,010	2,465
35. TOTALS.....	2,296,883,551	14,295,330,345	13,609,464,655	2,982,749,241	2,774,786,962	17,930,451,751	16,797,216,758	6,890,771,196	1,617,891,069
<b>DETAILS OF WRITE-INS</b>									
3401. Tribal workers' compensation.....	0	95,113	72,961	22,152	0	46,623	35,765	33,010	2,465
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).....	0	95,113	72,961	22,152	0	46,623	35,765	33,010	2,465

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	172,756,346	0	0	172,756,346
1.2 Reinsurance assumed.....	985,204,203	0	0	985,204,203
1.3 Reinsurance ceded.....	905,768,457	0	0	905,768,457
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	252,192,092	0	0	252,192,092
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	237,656,602	0	237,656,602
2.2 Reinsurance assumed, excluding contingent.....	0	2,651,550,347	0	2,651,550,347
2.3 Reinsurance ceded, excluding contingent.....	0	2,257,880,025	0	2,257,880,025
2.4 Contingent - direct.....	0	1,517,132	0	1,517,132
2.5 Contingent - reinsurance assumed.....	0	27,394,661	0	27,394,661
2.6 Contingent - reinsurance ceded.....	0	23,770,206	0	23,770,206
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	636,468,510	0	636,468,510
3. Allowances to manager and agents.....	0	647,496	0	647,496
4. Advertising.....	4,088	25,907,868	0	25,911,956
5. Boards, bureaus and associations.....	1,220,898	17,855,258	1,907	19,078,063
6. Surveys and underwriting reports.....	13,283	18,088,815	0	18,102,098
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	156,236,381	300,375,230	13,846,070	470,457,681
8.2 Payroll taxes.....	11,542,381	19,584,570	166,853	31,293,804
9. Employee relations and welfare.....	25,441,716	41,575,809	324,466	67,341,991
10. Insurance.....	38,183,525	5,306,666	1,435	43,491,626
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	8,772,297	15,378,952	71,053	24,222,302
13. Rent and rent items.....	8,724,462	24,101,500	262,125	33,088,087
14. Equipment.....	1,391,677	6,818,668	930,360	9,140,705
15. Cost or depreciation of EDP equipment and software.....	(2,100,347)	93,256,053	262,409	91,418,115
16. Printing and stationery.....	931,377	3,316,030	52,902	4,300,309
17. Postage, telephone and telegraph, exchange and express.....	(165,257)	20,593,692	20,359	20,448,794
18. Legal and auditing.....	12,139,190	11,530,611	305,789	23,975,590
19. Totals (Lines 3 to 18).....	262,335,671	604,337,218	16,245,728	882,918,617
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....2,237,827.....	0	108,874,115	0	108,874,115
20.2 Insurance department licenses and fees.....	0	8,786,374	0	8,786,374
20.3 Gross guaranty association assessments.....	0	821,732	0	821,732
20.4 All other (excluding federal and foreign income and real estate).....	0	5,280,931	0	5,280,931
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	123,763,151	0	123,763,151
21. Real estate expenses.....	0	0	18,109,303	18,109,303
22. Real estate taxes.....	0	0	6,142,528	6,142,528
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	2,676,523	(14,934,609)	361,788	(11,896,298)
25. Total expenses incurred.....	517,204,286	1,349,634,270	40,859,347	(a) 1,907,697,903
26. Less unpaid expenses - current year.....	1,617,891,069	327,667,399	11,278,184	1,956,836,652
27. Add unpaid expenses - prior year.....	1,614,428,187	360,834,774	1,419,216	1,976,682,177
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).....	513,741,404	1,382,801,645	31,000,380	1,927,543,429

## DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	8,343,631	54,542,039	361,788	63,247,458
2402. Costs of computer software developed for internal use.....	(4,986,954)	(63,618,312)	0	(68,605,266)
2403. Service reimbursements.....	(680,154)	(5,858,336)	0	(6,538,490)
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).....	2,676,523	(14,934,609)	361,788	(11,896,298)

(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).....14,752,228	.....15,639,029
1.1 Bonds exempt from U.S. tax.....	(a).....328,257,069	.....326,621,018
1.2 Other bonds (unaffiliated).....	(a).....277,924,775	.....277,377,572
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....8,322,218	.....7,935,710
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....1,347,322	.....1,347,322
2.21 Common stocks of affiliates.....	.....368,260,000	.....368,260,000
3. Mortgage loans.....	(c).....2,252,479	.....2,252,479
4. Real estate.....	(d).....56,839,289	.....56,839,289
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....3,950,868	.....3,458,238
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....13,221,730	.....10,450,543
9. Aggregate write-ins for investment income.....	.....2,196,352	.....2,196,352
10. Total gross investment income.....	.....1,077,324,329	.....1,072,377,551
11. Investment expenses.....		(g).....40,859,348
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....589,135
14. Depreciation on real estate and other invested assets.....		(i).....5,830,787
15. Aggregate write-ins for deductions from investment income.....		.....709,430
16. Total deductions (Lines 11 through 15).....		.....47,988,701
17. Net investment income (Line 10 minus Line 16).....		.....1,024,388,851

### DETAILS OF WRITE-INS

0901. Property and wind plans.....	.....1,308,143	.....1,308,143
0902. Securities Lending Income.....	.....149,908	.....149,908
0903. Miscellaneous Income.....	.....738,301	.....738,301
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....2,196,352	.....2,196,352
1501. Management Fees.....		.....709,430
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).....		.....709,430

- (a) Includes \$.....16,687,250 accrual of discount less \$.....61,163,867 amortization of premium and less \$.....7,850,496 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 \$.....56,839,289 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....154,028 accrual of discount less \$.....144,421 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 \$.....5,830,787 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.....	.....1,729,609	.....0	.....1,729,609	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....844,275	.....0	.....844,275	.....1,915,889	.....0
1.2 Other bonds (unaffiliated).....	.....52,306,570	.....(46,563,171)	.....5,743,400	.....86,573,381	.....383,463
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....3,210,347	.....(4,306,787)	.....(1,096,441)	.....17,008,108	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....3,313,751	.....(188,356)	.....3,125,396	.....5,965,427	.....5,250
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....123,576,077	.....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.....	.....(115,554)	.....0	.....(115,554)	.....0	.....70,101
7. Derivative instruments.....	.....(1,750,422)	.....0	.....(1,750,422)	.....4,143,156	.....0
8. Other invested assets.....	.....(4,323,444)	.....386,840	.....(3,936,604)	.....(44,333,869)	.....(124,592)
9. Aggregate write-ins for capital gains (losses).....	.....65,459	.....(58,846,683)	.....(58,781,224)	.....0	.....396,232
10. Total capital gains (losses).....	.....55,280,593	.....(109,518,157)	.....(54,237,565)	.....194,848,168	.....730,455

### DETAILS OF WRITE-INS

0901. Foreign Exchange.....	.....0	.....963,978	.....963,978	.....0	.....396,232
0902. Cumulative Effect of SSAP 43R.....	.....0	.....(59,810,661)	.....(59,810,661)	.....0	.....0
0903. Additional proceeds on sale of Atlantic.....	.....65,459	.....0	.....65,459	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....65,459	.....(58,846,683)	.....(58,781,224)	.....0	.....396,232

**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.....	34,629,778	37,400,888	2,771,110
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	1,863,640	2,478,817	615,177
7. Other invested assets (Schedule BA).....	23,987,969	43,039,518	19,051,549
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).....	60,481,388	82,919,223	22,437,835
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.....	43,053,473	46,128,073	3,074,600
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	6,354,660	6,799,729	445,069
13.3 Accrued retrospective premiums.....	472,663	492,639	19,976
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.....	400,094,797	594,898,591	194,803,794
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	21,824	205,615	183,791
19. Furniture and equipment, including health care delivery assets.....	290,249,592	215,855,866	(74,393,726)
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.....	626,304,156	704,297,738	77,993,581
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	1,427,032,553	1,651,597,474	224,564,921
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	1,427,032,553	1,651,597,474	224,564,921

**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. Amounts receivable under high deductible policies.....	3,146,708	2,103,177	(1,043,532)
2302. Other assets nonadmitted.....	623,044,831	702,135,749	79,090,919
2303. Other assets.....	0	130,334	130,334
2398. Summary of remaining write-ins for Line 23 from overflow page.....	112,617	(71,523)	(184,140)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	626,304,156	704,297,738	77,993,581

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

- A. The Travelers Indemnity Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Connecticut. The State of Connecticut requires that insurance companies domiciled in Connecticut 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 Connecticut Insurance Commissioner. 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*. Goodwill is recognized in accordance with SSAP No. 68, *Business Combinations and Goodwill*, and amortized to unrealized capital losses over a period not to exceed 10 years.

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) are generally 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 also exercises 100% control over The Travelers Lloyds Insurance Company, an unincorporated association, reported on Schedule BA based on the underlying statutory equity of its financial statements.

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.

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****A. Statutory Purchase Method:**

- On October 1, 2001, the Company purchased from a former affiliate 100% of The Northland Company, an insurance holding company which in turn directly or indirectly owned several property-casualty insurance companies. The Northland Company was dissolved effective May 1, 2008. Due to the fact the goodwill generated by the October 1, 2001 transaction was related to the insurance operations and insurance subsidiaries of The Northland Company; the unamortized goodwill remains an asset of the Company. This is reflected in the carrying value of Jupiter Holdings, Inc., an intermediate holding company and parent of the above mentioned insurance subsidiaries. For a listing of the companies, see Schedule Y - Part 1.
- The October 1, 2001 transaction was accounted for as a statutory purchase.
- The cost of The Northland Company was \$325 million resulting in goodwill in the amount of \$84 million.
- Goodwill amortization related to the above purchase was \$8.4 million for the year ended December 31, 2009.

**B. Statutory Merger:**

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

## C. Impairment Loss:

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 39%.

## B. Debt Restructuring:

Not applicable.

## C. Reverse Mortgages:

Not applicable.

## 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

126378BB3  
 12668BQA4  
 36297XAF0  
 46628YAA8  
 94980SAD7  
 07384MF80  
 16162WQJ1  
 46630PAZ8  
 12628KAA0  
 06050HD39  
 02149DAD1  
 32029AAE7  
 61750MAF2  
 021460AG5  
 46629DAK1  
 36186MAC5  
 46629CAK3  
 69121PDE0  
 126694W95  
 94984AAS9  
 75406VAC7  
 749581AR5  
 74957VAJ8  
 12544AAS4  
 12669G5U1  
 126694PG7  
 05949CKS4

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

	Amortized cost basis before other-than- temporary impairment	Other-than-temp orary impairment recognized in loss	Amortized cost basis after other-than- temporary impairment	Fair Value
Aggregate Intent & Ability to Retain	\$ 394,687,760	\$ 29,966,186	\$ 361,957,916	\$ 292,322,266

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.

**NOTES TO FINANCIAL STATEMENTS**

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

Cusip	Amortized cost basis before other-than-temporary impairment	Projected Cash Flow	Other-than-temporary impairment recognized in loss	Amortized cost basis after other-than-temporary impairment	Fair Value	Impairment Quarter
126378BB3	\$ 20,168,922	\$ 19,901,291	\$ 267,631	\$ 19,901,291	\$ 17,091,482	Q3 - 2009
12668BQA4	9,712,365	8,870,313	842,052	8,870,313	6,958,274	Q3 - 2009
36297XAF0	32,734,744	32,340,185	394,559	32,340,185	24,899,252	Q3 - 2009
46628YAA8	28,812,110	28,418,750	393,360	28,418,750	21,519,384	Q3 - 2009
94980SAD7	39,281,200	39,121,875	159,325	39,121,875	28,041,480	Q3 - 2009
07384MF80	4,372,629	3,802,968	569,661	3,802,968	2,703,179	Q3 - 2009
16162WQJ1	19,794,524	19,486,598	307,926	19,486,598	17,087,654	Q3 - 2009
46630PAZ8	14,494,404	14,478,527	15,877	14,478,527	12,333,514	Q3 - 2009
12628KAA0	3,505,047	2,785,736	719,311	2,785,736	2,354,865	Q3 - 2009
06050HD39	110,057	109,369	688	109,369	97,350	Q3 - 2009
02149DAD1	17,696,650	16,238,808	1,457,842	16,238,808	14,488,506	Q3 - 2009
32029AAE7	11,375,551	6,434,464	4,941,087	6,434,464	4,837,980	Q3 - 2009
61750MAF2	12,300,734	5,374,901	6,925,833	5,374,901	4,693,446	Q3 - 2009
021460AG5	14,991,065	13,440,818	1,550,247	13,440,818	10,594,980	Q3 - 2009
46629DAK1	9,001,307	7,817,977	1,183,330	7,817,977	6,188,618	Q3 - 2009
36186MAC5	14,724,978	13,873,155	851,823	13,873,155	5,442,157	Q3 - 2009
46629CAK3	10,933,293	10,750,257	183,036	10,750,257	10,080,069	Q3 - 2009
69121PDE0	9,068,342	8,074,264	994,078	8,074,264	6,837,037	Q4 - 2009
126694W95	15,834,010	15,785,099	48,911	15,785,099	13,767,962	Q4 - 2009
126378BB3	19,089,612	18,416,763	672,849	18,416,763	16,421,216	Q4 - 2009
021460AG5	13,422,750	12,089,063	1,333,687	12,089,063	10,504,329	Q4 - 2009
94984AAS9	29,266,193	28,684,375	581,818	28,684,375	22,201,797	Q4 - 2009
36297XAF0	32,349,484	32,065,148	284,336	32,065,148	24,358,624	Q4 - 2009
94980SAD7	39,143,700	39,012,500	131,200	39,012,500	27,536,664	Q4 - 2009
07384MF80	3,777,027	3,389,696	387,331	3,389,696	2,735,242	Q4 - 2009
75406VAC7	11,682,933	11,167,969	514,964	11,167,969	9,303,867	Q4 - 2009
46629DAK1	7,342,304	6,726,325	615,979	6,726,325	5,903,450	Q4 - 2009
46629CAK3	10,408,807	9,774,372	634,435	9,774,372	8,997,632	Q4 - 2009
02149DAD1	16,620,857	16,034,307	586,550	16,034,307	13,505,731	Q4 - 2009
749581AR5	16,824,004	15,917,825	906,179	15,917,825	14,136,672	Q4 - 2009
74957VAJ8	6,624,817	6,340,308	284,509	6,340,308	5,682,803	Q4 - 2009
46630PAZ8	13,707,877	13,334,303	373,574	13,334,303	11,637,871	Q4 - 2009
12628KAA0	2,055,563	1,821,998	233,565	1,821,998	1,631,817	Q4 - 2009
12544AAS4	13,051,896	12,884,625	167,271	12,884,625	11,833,352	Q4 - 2009
12669G5U1	8,945,838	8,765,625	180,213	8,765,625	7,643,448	Q4 - 2009
06050HD39	106,171	103,235	2,936	103,235	92,361	Q4 - 2009
126694PG7	9,279,723	9,227,626	52,097	9,227,626	8,146,311	Q4 - 2009
05949CK54	10,100,425	9,884,308	216,117	9,884,308	8,905,185	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:

	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Loan-backed securities	\$ 7,273,449	\$ 138,302	\$ 7,620,917	\$ 63,242	\$14,894,366	\$ 201,544
Structured securities	396,626,888	41,148,143	307,056,595	38,551,135	703,683,483	79,699,278

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.

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

The Company has investments in certain 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 2010.

Management of the Company is not aware of any of the LIHTC investments and related properties being the subject of any 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.



**NOTES TO FINANCIAL STATEMENTS****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	\$ 875,150,414	108,203,883	983,354,297	\$1,089,006,365
Statutory valuation allowance adjustment	-	-	-	-
Adjusted gross deferred tax assets	875,150,414	108,203,883	983,354,297	1,089,006,365
Gross deferred tax liabilities	(150,535,031)	(15,783,291)	(166,318,322)	(193,076,771)
Net deferred tax asset (liability)	724,615,383	92,420,592	817,035,975	895,929,594
Deferred tax asset nonadmitted	(313,537,384)	(86,557,413)	(400,094,797)	(594,898,591)
Net admitted deferred tax asset (liability)	411,077,999	5,863,179	416,941,178	301,031,003
(Increase) decrease in nonadmitted asset			194,803,794	(123,030,878)

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	411,077,999	288,842,291	122,235,708
Admitted DTA – Capital	5,863,179	1,954,392	3,908,787
Total Admitted DTA	416,941,178	290,796,683	126,144,495

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	288,842,291	-	288,842,291
b. Amount after the application of a. expected to be realized subject to 10% of adjusted surplus (753,423,824)	-	1,954,393	1,954,393
c. Amount after application of a. and b. offset against DTL's	150,535,031	15,783,291	166,318,322
DTL's netted within deferred tax assets	(150,535,031)	(15,783,291)	(166,318,322)
Total Admitted Assets	288,842,291	1,954,393	290,796,684
e.i Amount from loss carryback capacity based on reversals during time periods corresponding to IRS rules not to exceed 3 years	373,946,535	-	373,946,535
e.ii Amount after the application of e.i expected to be realized subject to 15% of adjusted surplus (1,130,135,736)	37,131,464	5,863,179	42,994,643
e.iii Amount after application of e.i and e.ii offset against DTL's	150,535,031	15,783,291	166,318,322
DTL's netted within deferred tax assets	(150,535,031)	(15,783,291)	(166,318,322)
Total Admitted Assets	411,077,999	5,863,179	416,941,178

Risk-based capital:

	With SSAP 10R	Without SSAP 10R	Difference
Total adjusted capital	8,372,638,876	8,196,107,730	176,531,146
Authorized control level risk-based capital	1,342,112,348	1,341,372,178	740,170

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

Not applicable.

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

	December 31, 2009	December 31, 2008
Federal	\$ 233,540,581	\$ 185,834,336
Foreign	655,081	56,043
	234,195,662	185,890,379
Federal income taxes on net capital gains	(13,486,641)	(22,752,981)
Federal and foreign income taxes incurred	\$ 220,709,021	\$ 163,137,398

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

	December 31, 2009	December 31, 2008
Deferred tax assets:		
Claims and claim adjustment expense reserves	\$ 253,396,992	\$ 280,108,015
Unearned premium reserves	133,054,239	133,918,659
Nonadmitted assets	231,008,536	254,667,647
Guaranty fund assessments	24,095,397	19,429,464
Employee benefits	141,845,952	126,451,171
Investments	171,819,081	228,345,062
Other assets	28,134,100	46,086,347
Total deferred tax assets	983,354,297	1,089,006,365
Nonadmitted deferred tax assets	(400,094,797)	(594,898,591)
Admitted deferred tax assets	583,259,500	494,107,774
Deferred tax liabilities:		
Investments	147,058,040	161,200,499
Other liabilities	19,260,282	31,876,272
Total deferred tax liabilities	166,318,322	193,076,771
Net admitted tax asset	\$ 416,941,178	\$ 301,031,003

**NOTES TO FINANCIAL STATEMENTS**

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	\$ 983,354,297	\$1,089,006,365	\$ (105,652,068)
Total deferred tax liabilities	<u>(166,318,322)</u>	<u>(193,076,771)</u>	<u>26,758,449</u>
Net deferred tax asset (liability)	<u>\$ 817,035,975</u>	<u>\$ 895,929,594</u>	(78,893,619)
Tax effect of unrealized gains (losses)			10,433,930
Deferred tax change in cumulative effect			<u>20,933,733</u>
Change in net deferred income taxes			<u>\$ (47,525,956)</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)	\$1,421,166,733
Taxes at statutory rate	\$ 497,408,357
Increase (decrease) attributable to:	
Nontaxable investment income	(228,575,458)
Other	<u>(597,922)</u>
Total statutory income taxes	<u>\$ 268,234,977</u>
Federal and foreign taxes incurred	\$ 220,709,021
Change in net deferred taxes	<u>47,525,956</u>
Total statutory income taxes	<u>\$ 268,234,977</u>
Effective tax rate	18.9%

- E. 1. The Company has no operating loss or tax credit carryforwards available for tax purposes.
2. The Company has \$221,257,609 and \$172,532,388 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.

**10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES**

- A-C. (1) On December 31, 2008, the Company completed the sale of Atlantic Insurance Company (AIC) to Scottsdale Insurance Company, an unaffiliated property and casualty insurer. To facilitate this sale the Company and AIC entered into a "Transfer and Assumption Agreement" and AIC transferred all of its assets, other than certain "Retained Assets" as defined in the "Transfer and Assumption Agreement" as well as all of its liabilities, to the Company prior to the sale.
- (2) On October 21, 2008 the Company acquired an aircraft and certain aviation assets valued at \$15.4 million from St. Paul Aviation, Inc. (Aviation), a non insurance affiliate in exchange for 207 shares of its common stock. This distribution qualified as a tax-free transfer under Sections 351 and 361 of the Internal Revenue Code. Following this transaction, Aviation merged with and into the Company's parent Travelers Insurance Group Holdings, Inc. (TIGHI) with TIGHI being the surviving corporation. As a result of this merger TIGHI continues to own 100% of the issued and outstanding common stock of the Company.
- (3) The Northland Company, a wholly owned non-insurance subsidiary of the Company was dissolved effective May 1, 2008. As a result of this dissolution, Commercial Guaranty Casualty Insurance Company (CGCIC) and Jupiter Holdings, Inc. became direct subsidiaries of the Company.
- On June 2, 2008, the Company completed the sale of CGCIC to Max Specialty Insurance Company, an unaffiliated entity. Prior to the sale, CGCIC entered into a "Transfer and Assumption Agreement" and transferred all of its assets over and above certain "Retained Assets" as defined in the "Transfer and Assumption Agreement" as well as all of their liabilities to the Company. The "Transfer and Assumption Agreement" has an effective date of January 1, 2008.

As a result of this sale, Commercial Guaranty Insurance Company (CGI) became a direct subsidiary of 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:

1. 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 Company. Settlements between the companies are made at least monthly.
2. 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 the Company. 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.

**NOTES TO FINANCIAL STATEMENTS**

- D. (1) At December 31, 2009 and 2008, the Company had \$372,341,427 and \$169,677,971 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 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. The Company has not provided any guarantees for the benefit of an affiliate which would result in a material contingent exposure for the Company or any affiliated insurer's assets to liabilities, to the extent not disclosed in Note 14.
- 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
Service Expense Reimbursement	The Travelers Companies, Inc.	The Travelers Indemnity Company
Expense Allocation	The Travelers Indemnity Company	Travelers P&C <sup>1</sup>
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C <sup>1</sup>
Corporate Services	The Travelers Indemnity Company	First Floridian Auto and Home Insurance Company
Expense Allocation	The Travelers Indemnity Company	The Premier Insurance Company of Massachusetts
Corporate Services	The Travelers Indemnity Company	First Trenton Indemnity Company & Travelers Auto Insurance Co. of New Jersey

<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 TIGHI, which in turn is indirectly owned by TRV, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. The Company directly owns Gulf Insurance Holdings U.K. Ltd. (GIH UK), a downstream noninsurance holding company. GIH UK directly owns Travelers Casualty and Surety Company of Europe Limited (TC&S Europe), a United Kingdom domiciled insurance company, and Gulf Underwriting Holdings Limited, a downstream noninsurance holding company. Gulf Underwriting Holdings Limited directly owns Gulf Underwriting Limited, a United Kingdom domiciled insurance company.
- (1) The carrying value of the Company's investment in GIH UK was \$29,437,733 at December 31, 2009.
- (2) The Company has not obtained an audit of GIH UK's financial statements.
- (3) The Company has limited the carrying value of its investment in GIH UK to the value contained in the audited financial statements of TC&S Europe, including any adjustments required by SSAP 97, *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSASP No. 88*. GIH UK's value is limited to its direct and indirect ownership of its insurance subsidiaries. GIH UK does not have any 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 \$10,266,995 and \$7,949,730 for 2009 and 2008, respectively.

**NOTES TO FINANCIAL STATEMENTS**

## 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 \$3,295,796 and \$2,199,669 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 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 \$20,692,880 and \$18,990,697 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 150,000 shares of common capital stock authorized and 107,907 shares issued and outstanding with a par value of \$100 per share.

The Company paid ordinary dividends of \$1.25 billion and \$1.185 billion to its parent company, TIGHI in 2009 and 2008, respectively.

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 Connecticut insurance companies to shareholders without prior approval of the domiciliary Insurance Commissioner 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 \$1,200,457,000. 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 Connecticut 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 \$1,373,209,920.

## 14. CONTINGENCIES

## A. Contingent Commitments:

At December 31, 2009, the Company had commitments to fund investments of \$136.3 million.

## B. Assessments:

The Company has accrued liabilities of \$68.1 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$1.4 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 \$3.6 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 \$104,839 in the reporting period on four 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, data processing equipment, automobiles and office equipment. The office space and data processing equipment leases are for various periods of time. The other leases generally do not exceed five years. Total rental expense under operating leases for the Company for 2009 and 2008 was \$155,076,140 and \$145,438,031, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement.

**NOTES TO FINANCIAL STATEMENTS**

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 \$521,079,073 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	\$131,197,940
2011	107,983,205
2012	86,301,921
2013	67,256,924
2014	51,096,998

At December 31, 2009, aggregate future minimum rental payments to be received by the Company under noncancelable subleases totaled \$152,271.

3. Sale-Leaseback Transactions:

On June 28, 2007, the Company completed a sale-leaseback transaction which resulted in a realized gain of \$639,574. Future minimum rental payments for each of the next three years are as follows:

<u>Year</u>	<u>Operating Lease</u>
2010	513,908
2011	524,024
2012	264,541

The lease expires on June 30, 2012.

- B. Lessor's Business Activities:

Leasing is not a significant part of the Company's business activities.

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 and limited liability companies. The off-balance-sheet risks of these financial instruments were \$136.3 million at December 31, 2009.

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. Also in past years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. See Note 35 for additional discussion.

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:

The Company does not engage in the practice of wash sales, however, in isolated cases in the course of the Company's asset management activities, a security may be sold and repurchased within thirty days of the sale when an opportunity to significantly enhance the Company's total return on the investment is present.

During the year ended December 31, 2009, the Company's wash sales for securities with a NAIC designation 3 or below were as follows:

	<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain/(Loss)</u>
Bonds:				
NAIC 5	1	\$ 673,215	\$ 54,556	\$ 481,771

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.

**NOTES TO FINANCIAL STATEMENTS**

## 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	Accident Years				
	1999	1998	1997	1996	1995 & Prior
Part 1A	\$ (6)	\$ 153	\$ 255	\$ 96	\$ 911
Part 1B	(306)	322	345	219	65,469
Part 1C	1,868	718	(271)	476	3,056
Part 1D	78,090	86,167	68,508	59,678	788,433
Part 1E	17,234	11,626	7,985	5,891	75,463
Part 1F - Section 1	907	209	260	190	3,394
Part 1F - Section 2	4,293	1,945	2,490	2,021	4,881
Part 1G	1,013	771	674	496	4,090
Part 1H - Section 1	34,850	20,462	10,403	12,032	610,955
Part 1H - Section 2	5,613	2,766	3,295	2,650	16,210
Part 1M	163	-	-	-	48
Part 1N	1,039	579	511	195	654
Part 1O	17,346	13,226	5,906	3,908	140,820
Part 1P	598	262	322	251	97
Part 1R - Section 1	15,798	6,072	5,240	5,162	307,900
Part 1R - Section 2	502	89	358	179	2,214

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):

	2002	2001	2000	1999	1998	1997	1996	1995	1994
Commercial Auto	\$ (233)	\$ (390)	\$ (36)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	(2,352)	(1,572)	(444)	(14,888)	-	(337)	-	-	-
Commercial Multiple Peril	-	-	-	-	-	-	-	-	-
Medical Malpractice - CM	-	-	(10,822)	-	-	-	-	-	-
Special Liability	(6)	-	-	-	-	-	-	-	-
Other Liability - Occ	(1,950)	-	-	-	-	-	-	-	(46)
Other Liability - CM	-	(3,104)	-	-	-	-	-	-	-
Special Property	(20)	-	-	-	-	-	-	-	-
Other	(2)	-	-	-	-	-	-	-	-
Reinsurance A	(180)	-	-	-	-	-	-	-	-
Reinsurance B	(2,226)	-	-	-	-	-	-	-	-

## 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.

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

a. Actual cost	\$108,154,006
b. Book adjusted carrying value	125,984,008
c. Fair value	116,937,991
d. Other-than-temporary impairments	18,906,649

## 21. EVENTS SUBSEQUENT

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

## 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
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>

**NOTES TO FINANCIAL STATEMENTS**

## 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:

	<u>Group Code</u>	<u>F.E.I.N.</u>	<u>Amount</u>
National Workers' Compensation Reinsurance Pool	0000	AA-9992118	\$ 2,083,099,317
Munich Reinsurance America Inc.	0361	13-4924125	712,063,214
Swiss Reinsurance America Corporation	0181	13-1675535	646,679,739
Transatlantic Reinsurance Company	0012	13-5616275	464,335,439
United States Aircraft Insurance Group	0000	AA-9995043	262,327,554

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

## B. Reinsurance Recoverable in Dispute:

The Company did not have any individual reinsurers with reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute that exceeded 5% of the Company's policyholder surplus or disputed items, that when aggregated, exceed 10% of the Company's policyholder surplus.

## 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	\$ 7,994,911,238	\$ 1,143,332,874	\$ 6,147,326,168	\$ 879,114,212	\$ 1,847,585,070	\$ 264,218,662
All Other	<u>63,261,830</u>	<u>9,046,921</u>	<u>741,506,088</u>	<u>106,040,988</u>	<u>(678,244,258)</u>	<u>(96,994,067)</u>
Total	<u>\$ 8,058,173,068</u>	<u>\$ 1,152,379,795</u>	<u>\$ 6,888,832,256</u>	<u>\$ 985,155,200</u>	<u>\$ 1,169,340,812</u>	<u>\$ 167,224,595</u>

Direct Unearned Premium Reserve \$ 696,863,846

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$14,216,926 at December 31, 2009. This balance represents the Company's 23.29% pro rata share of the net amount of the TRV Pool (see Note 25):

Direct Business	\$ 8,474,648
Add: Reinsurance Assumed	55,158,051
Less: Reinsurance Ceded	<u>49,415,773</u>
Net	<u>\$ 14,216,926</u>

## D. Uncollectible Reinsurance:

The Company has written off as uncollectible/(recovered) in the current year, certain reinsurance balances due (from the companies listed below) in the amount of \$5,351,788, which is reflected in losses incurred.

<u>Company – Uncollectible</u>	<u>Company – (Recovered)</u>
Excess & Casualty Reinsurance Association	Taisei Fire & Marine Insurance Company Ltd.
National Reinsurance Corporation	Trenwick America Reinsurance Corporation
Finial Reinsurance Company	Arrowood Indemnity Company
TIG Insurance Company	Mission Insurance Company
Arch Reinsurance Company	Hudson Reinsurance Company Ltd.
Lansdowne Insurance Company Ltd.	Folksam International Insurance Company Ltd.
Scor Reinsurance Company	OIC Run-off Limited
Global Reinsurance Corporation, U.S. Branch	All other under (\$200,000)
Assurances Generales de France	
Lloyds of London	
TOA Reinsurance Company of America	
Restaurant Reinsurance Limited	
AXA Versicherungen AG	
New England Reinsurance Corporation	
General Reinsurance Corporation	
Reliance Insurance Company	
Transatlantic Reinsurance Company	
Global Reinsurance Corporation of America	
Mission Reinsurance Corporation	
Westport Insurance Corporation	
Gordian Runoff Ltd.	
Alba Allgemeine Versicherungs-Gesellschaft AG	
American Alternative Insurance Corporation	
OneBeacon America Insurance Company	
All other under \$200,000	

## E. Commutation of Ceded Reinsurance:

The Company has reported in the current year, a net gain of \$1,010,677, reflected in losses incurred resulting from commutations of reinsurance, (from the companies listed below):

<u>Company</u>
Allianz International Insurance Ltd.
American Accident Reinsurance Group Pool
Arrowood Indemnity Company
AXA Insurance Plc
Bothnia International Insurance Company
Century Surety Company
Clearwater Insurance Company
Compagnie Europeenne d'Assurances Industrielles S.A.
Dunav Insurance Company
Employers Insurance Company of Wausau
Exchange Indemnity Company
Global Reinsurance Corporation of America
Hannover Ruckversicherungs AG
Hudson Reinsurance Company Ltd.
Lincoln National Life Insurance Company
Lloyds of London
Mitsui Sumitomo Insurance Co. Ltd.



**NOTES TO FINANCIAL STATEMENTS**

New Sky Ltd.  
 Praetorian Insurance Company  
 PXRE Reinsurance Company  
 RiverStone Insurance (U.K.) Limited  
 San Francisco Reinsurance Company  
 Sovereign Marine & General Insurance Company Ltd.  
 Storebrand Insurance Company Ltd.  
 Swiss Re Frankona Reinsurance Ltd.  
 Swiss Reinsurance Company of America  
 Toa Reinsurance Company of America  
 Tokio Marine Europe Insurance Ltd.  
 White Mountain Insurance Company  
 XL Reinsurance America Inc.  
 Zurich Insurance Company Ltd.

## F. Retroactive Reinsurance:

1.	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
(1) Initial Reserves	\$ 2,189,260	\$113,118,566
(2) Adjustments - Prior Year(s)	361,620	48,158,153
(3) Adjustments - Current Year	<u>(499,538)</u>	<u>(2,837,188)</u>
(4) Current Total	<u>\$ 2,051,342</u>	<u>\$158,439,531</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,434,990	\$100,177,054
(2) Adjustments - Prior Year(s)	-	12,495,316
(3) Adjustments - Current Year	<u>-</u>	<u>(1,528)</u>
(4) Current Total	<u>\$ 2,434,990</u>	<u>\$112,670,842</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 1,465,906	\$105,577,995
(2) Current Year	<u>43,850</u>	<u>13,722,793</u>
(3) Current Total	<u>\$ 1,509,756</u>	<u>\$119,300,788</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 245,730	\$ 12,941,512
(2) Adjustments - Prior Year(s)	(361,620)	35,662,837
(3) Adjustments - Current Year	<u>499,538</u>	<u>(2,835,660)</u>
(4) Current Year Restricted Surplus	<u>\$ 944,430</u>	<u>\$ 33,654,203</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ (560,782)</u>	<u>\$ 12,114,486</u>

## e. List the other insurers included in the above transactions:

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
Munich Reinsurance America, Inc. (10227)	\$ 1,490,560	\$ -
Parktown Insurance Company Ltd.	560,782	-
Commercial Risk Re-Insurance Co. (27955)	-	3,074,280
Everest Reinsurance Co. (26921)	-	16,951
XL Reinsurance America (13-1290712)	-	16,431,966
General Reinsurance Corporation (22039)	-	69,870,000
nSpire Re Limited (AA-1784124)	-	18,570,035
Platinum Underwriters Reinsurance Inc. (10357)	-	22,417,290
Various	<u>-</u>	<u>28,059,009</u>
Total	<u>\$ 2,051,342</u>	<u>\$158,439,531</u>

## f. Paid Loss/LAE Recoverable:

<u>Company</u>	<u>Paid Loss/LAE Recoverables</u>	<u>Amount Over 90 Days Past Due</u>	<u>Collateral Held</u>
Platinum Underwriters Reinsurance Inc. (10357)	\$ 129,376	-	-
nSpire Re Limited (AA-1784124)	-	-	4,715,275
Various	<u>401,319</u>	<u>314</u>	<u>37,438</u>
Total	<u>\$ 530,695</u>	<u>\$ 314</u>	<u>\$ 4,752,713</u>

## G. Reinsurance Accounted for as a Deposit:

The Company entered into two ceded reinsurance arrangements which provided coverage for certain workers' compensation and general 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. Both of these agreements were terminated prior to January 1, 2005.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit Balance Asset/(Liability)</u>
2005	\$ -	\$ 2,354,935	\$ (69,644)	\$ 2,285,291
2006	-	-	(299,151)	1,986,140
2007	-	-	(440,396)	1,545,744
2008	-	-	(156,274)	1,389,470
2009	-	(903,013)	(40,249)	446,208

The Company has two ceded reinsurance arrangements which provide coverage for certain inland marine policies issued by the Company. Given the contract terms and results of the Company's cash flow analysis, it was determined that these contracts did not fulfill the SSAP No. 62 requirements for risk transfer so they have been accounted for as deposits.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit Balance Asset/(Liability)</u>
2005	\$ -	\$ 3,640,488	\$ (23,568)	\$ 3,616,920
2006	-	470,189	(1,784,047)	2,303,062
2007	44,529,896	(44,558,858)	-	2,274,100
2008	55,911,485	(55,995,051)	-	2,190,534
2009	(2,995,831)	2,828,455	(1,996,391)	26,767

**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	\$113,075,277
2. Unsecured amount	4,726,628
3. Less: Nonadmitted amount (10%)	<u>472,663</u>
4. Admitted amount (1) - (3)	<u>\$112,602,614</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 \$271,356,832, 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 \$23,988,700, 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 the Company. 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 the Company. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by the Company 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 the Company 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:

<u>TRV Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation %</u>
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 \$555,842,400 receivable from affiliates 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 \$698,073,228 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 \$1,838,878,322 and the amount billed and outstanding on paid claims was \$16,677,438. 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 23.29%.

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's affiliate, St. Paul Fire and Marine Insurance Company (Fire and Marine) sold Unionamerica. In conjunction with the sale Fire and Marine 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 \$46,114,200 and the Company's 2008 asbestos assumed incurred losses decreased by \$7,918,600.

1. <u>Direct Basis - Asbestos:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 951,130,000	\$ 1,030,646,000	\$ 966,373,000	\$ 877,999,000	\$ 722,623,000
b. Incurred losses and LAE:	181,163,000	45,397,000	(3,899,000)	14,608,000	37,264,000
c. Calendar year payments for losses and LAE:	<u>101,647,000</u>	<u>109,670,000</u>	<u>84,475,000</u>	<u>169,984,000</u>	<u>81,740,000</u>
d. Ending reserves:	<u>\$ 1,030,646,000</u>	<u>\$ 966,373,000</u>	<u>\$ 877,999,000</u>	<u>\$ 722,623,000</u>	<u>\$ 678,147,000</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:	\$ 113,567,000	\$ 125,143,000	\$ 117,975,000	\$ 111,050,000	\$ 45,249,000
b. Incurred losses and LAE:	29,994,000	2,442,000	3,905,000	(6,107,000)	5,822,000
c. Calendar year payments for losses and LAE:	<u>18,418,000</u>	<u>9,610,000</u>	<u>10,830,000</u>	<u>59,694,000</u>	<u>8,577,000</u>
d. Ending reserves:	<u>\$ 125,143,000</u>	<u>\$ 117,975,000</u>	<u>\$ 111,050,000</u>	<u>\$ 45,249,000</u>	<u>\$ 42,494,000</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:	\$ 898,494,000	\$ 1,013,900,000	\$ 942,919,000	\$ 869,039,000	\$ 678,138,000
b. Incurred losses and LAE:	208,446,000	38,166,000	6,000	8,500,000	43,086,000
c. Calendar year payments for losses and LAE:	<u>93,040,000</u>	<u>109,147,000</u>	<u>73,886,000</u>	<u>199,401,000</u>	<u>79,478,000</u>
d. Ending reserves:	<u>\$ 1,013,900,000</u>	<u>\$ 942,919,000</u>	<u>\$ 869,039,000</u>	<u>\$ 678,138,000</u>	<u>\$ 641,746,000</u>

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

1. Direct Basis:	\$ 590,579,000
2. Assumed Reinsurance Basis:	\$ 13,228,000
3. Net of Ceded Reinsurance Basis:	\$ 548,817,000

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

1. Direct Basis:	\$ 168,708,000
2. Assumed Reinsurance Basis:	\$ 431,000
3. Net of Ceded Reinsurance Basis:	\$ 161,159,000

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 \$6,521,200 and the Company's 2008 environmental assumed incurred losses decreased by \$1,164,500.

1. <u>Direct Basis - Environmental:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
a. Beginning reserves:	\$ 123,353,000	\$ 78,774,000	\$ 62,589,000	\$ 83,895,000	\$ 78,189,000
b. Incurred losses and LAE:	9,927,000	25,433,000	43,013,000	19,757,000	19,564,000
c. Calendar year payments for losses and LAE:	<u>54,506,000</u>	<u>41,618,000</u>	<u>21,707,000</u>	<u>25,463,000</u>	<u>20,249,000</u>
d. Ending reserves:	<u>\$ 78,774,000</u>	<u>\$ 62,589,000</u>	<u>\$ 83,895,000</u>	<u>\$ 78,189,000</u>	<u>\$ 77,504,000</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:	\$ 34,533,000	\$ 32,575,000	\$ 30,722,000	\$ 25,489,000	\$ 14,867,000
b. Incurred losses and LAE:	1,004,000	362,000	58,000	(1,052,000)	233,000
c. Calendar year payments for losses and LAE:	<u>2,962,000</u>	<u>2,215,000</u>	<u>5,291,000</u>	<u>9,570,000</u>	<u>1,976,000</u>
d. Ending reserves:	<u>\$ 32,575,000</u>	<u>\$ 30,722,000</u>	<u>\$ 25,489,000</u>	<u>\$ 14,867,000</u>	<u>\$ 13,124,000</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:	\$ 144,638,000	\$ 98,853,000	\$ 97,446,000	\$ 114,100,000	\$ 96,362,000
b. Incurred losses and LAE:	11,487,000	28,169,000	43,070,000	18,705,000	16,303,000
c. Calendar year payments for losses and LAE:	<u>57,272,000</u>	<u>29,576,000</u>	<u>26,416,000</u>	<u>36,443,000</u>	<u>21,107,000</u>
d. Ending reserves:	<u>\$ 98,853,000</u>	<u>\$ 97,446,000</u>	<u>\$ 114,100,000</u>	<u>\$ 96,362,000</u>	<u>\$ 91,558,000</u>

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

1. Direct Basis:	\$ 75,850,000
2. Assumed Reinsurance Basis:	\$ 7,187,000
3. Net of Ceded Reinsurance Basis	\$ 85,095,000

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

1. Direct Basis:	\$ 26,223,000
2. Assumed Reinsurance Basis:	\$ 188,000
3. Net of Ceded Reinsurance Basis	\$ 26,196,000

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

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. The Company no longer writes such guarantees. At December 31, 2009 and 2008, the Company's aggregate net amount of guarantees of principal and interest for such structured settlements was approximately \$20.9 million and \$22.5 million, respectively.

Also in past years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. The Company has no net exposure for the guarantee of principal and interest for such securities as the Company's participation in MBIA has been reinsured. The gross amounts of such financial guarantees was \$27.3 million and \$89.0 million at December 31, 2009 and 2008, respectively.

**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? Connecticut

- 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. 12/31/2004
- 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). 01/27/2006

- 3.4 By what department or departments? Connecticut
- 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 [ X ] No [ ] N/A [ ]

- 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 [ ] No [ X ]
- 11.11 Name of real estate holding company \_\_\_\_\_

- 11.12 Number of parcels involved .....0
- 11.13 Total book/adjusted carrying value \$.....0

- 11.2 If yes, provide explanation. \_\_\_\_\_



## 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. \$.....22,266,897
- 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                            | \$.....0           |
| 23.26 Placed under option agreements                   | \$.....25,908,786  |
| 23.27 Letter stock or securities restricted as to sale | \$.....0           |
| 23.28 On deposit with state or other regulatory body   | \$.....966,205,031 |
| 23.29 Other                                            | \$.....29,565,237  |

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
N/A	The Bank of New York	January 2009	Company Consolidation
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		

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.....	...13,958,435,583	...14,483,414,182	.....524,978,599
28.2 Preferred stocks.....	.....94,112,400	.....95,337,172	.....1,224,772
28.3 Totals.....	...14,052,547,983	...14,578,751,354	.....526,203,371

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? \$.....10,574,586

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.	4,393,702

32.1 Amount of payments for legal expenses, if any? \$.....25,582,277

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	7,982,266

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....704,432

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	207,281

# 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.....	\$.....4,229,987,615	\$.....4,203,115,356
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....14,915,755	\$.....18,221,962
2.5 Reserve Denominator.....	\$.....10,380,838,401	\$.....10,561,787,353
2.6 Reserve Ratio (2.4/2.5).....	.....0.1	.....0.2

- 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 \$.....44,425,526
- 3.22 Non-participating policies \$.....4,179,425,395

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 [ X ]    No [ ]
- 8.2 If yes, give full information:  
Please see footnote 22E for a list of commutations.
- 
- 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 [ ]    No [ X ]
- 11.2 If yes, give full information:  


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- 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 \$.....23,012,352
  - 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....5,753,088
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....24,439,006
- 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 \$.....1,306,672,377
  - 12.62 Collateral and other funds \$.....261,829,043

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....6,171,850
- 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 [X] No [ ]
- 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.....	130	(1,354)			
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]
- Included 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).....	9,109,293,438	9,418,447,364	9,465,408,123	9,685,716,888	10,037,418,133
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,918,618,640	4,012,565,978	4,042,595,904	3,857,084,243	3,723,785,642
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	6,568,272,785	6,414,627,640	6,445,677,549	6,304,637,272	6,090,517,091
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	88,405,459	97,648,110	120,494,089	147,295,590	449,841,083
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	27,308,991	37,219,471	57,942,908	51,879,253	74,915,966
6. Total (Line 35).....	19,711,899,313	19,980,508,564	20,132,118,573	20,046,613,246	20,376,477,914
<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).....	1,960,655,820	1,992,382,458	1,909,297,504	1,884,531,172	1,849,107,080
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	788,046,283	813,241,491	847,182,788	747,420,091	681,858,367
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,445,563,286	1,414,342,459	1,445,122,174	1,332,842,144	1,157,366,391
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	23,886,383	22,004,595	14,022,461	24,937,104	97,707,302
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	5,699,150	(15,084,182)	14,164,697	4,744,831	14,090,565
12. Total (Line 35).....	4,223,850,921	4,226,886,821	4,229,789,624	3,994,475,342	3,800,129,705
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8).....	416,516,989	310,089,289	446,379,291	493,396,917	(103,667,782)
14. Net investment gain (loss) (Line 11).....	983,637,928	1,220,546,720	1,325,506,593	1,142,636,782	1,006,262,552
15. Total other income (Line 15).....	38,569,760	(89,624,504)	1,884,978	(20,956,029)	54,641,510
16. Dividends to policyholders (Line 17).....	4,071,303	5,112,029	5,418,654	3,407,236	3,440,706
17. Federal and foreign income taxes incurred (Line 19).....	234,195,662	185,890,379	283,835,911	245,477,734	217,425,119
18. Net income (Line 20).....	1,200,457,712	1,250,009,097	1,484,516,298	1,366,192,700	736,370,456
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	21,250,203,802	20,788,130,051	21,284,346,648	21,265,139,608	18,281,125,499
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	215,657,500	203,184,920	239,234,399	220,368,385	211,717,280
20.2 Deferred and not yet due (Line 13.2).....	834,645,078	906,579,151	923,571,554	1,174,244,428	824,788,075
20.3 Accrued retrospective premiums (Line 13.3).....	112,602,614	74,948,426	52,898,698	140,287,073	42,495,516
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	12,877,564,925	12,825,885,953	12,813,703,001	13,302,683,978	12,340,815,614
22. Losses (Page 3, Line 1).....	6,890,771,196	7,054,244,435	7,257,418,346	7,412,903,662	6,894,428,741
23. Loss adjustment expenses (Page 3, Line 3).....	1,617,891,069	1,614,428,187	1,582,247,145	1,536,806,218	1,504,585,758
24. Unearned premiums (Page 3, Line 9).....	1,866,204,658	1,888,702,988	1,875,314,505	1,805,625,439	1,660,813,146
25. Capital paid up (Page 3, Lines 28 & 29).....	10,790,700	10,790,700	10,770,000	13,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	8,372,638,876	7,962,244,098	8,470,643,647	7,962,455,631	5,940,309,885
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	1,323,474,689	1,501,570,339	1,997,104,542	1,121,496,031	1,345,451,960
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	8,372,638,876	7,962,244,098	8,470,643,647	7,962,455,631	5,940,309,885
29. Authorized control level risk-based capital.....	1,342,112,348	1,375,784,367	1,465,262,004	1,542,650,856	1,440,872,444
<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).....	73.9	73.7	71.9	73.0	68.4
31. Stocks (Lines 2.1 & 2.2).....	20.8	20.4	21.4	22.0	22.5
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.2	0.2	0.2	0.2	0.6
33. Real estate (Lines 4.1, 4.2 & 4.3).....	1.0	1.0	1.0	0.9	1.0
34. Cash, cash equivalents and short-term investments (Line 5).....	0.7	0.6	0.6	(0.9)	0.8
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7).....	3.4	3.5	4.8	4.8	5.8
37. Receivable for securities (Line 8).....	0.0	0.6	0.0	0.0	0.8
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).....	3,690,540,886	3,528,142,550	3,690,200,196	3,597,870,365	3,148,342,748
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.....	169,331,683	174,996,917	217,692,110	212,554,206	236,832,855
46. Total of above lines 40 to 45.....	3,859,872,569	3,703,139,467	3,907,892,306	3,810,424,571	3,385,175,603
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).....	46.1	46.5	46.1	51.5	57.0

## 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).....	184,414,239	(436,573,975)	108,826,018	401,361,552	83,491,131
49. Dividends to stockholders (Line 35).....	(1,250,000,000)	(1,185,000,000)	(965,000,000)	(120,000,000)	(380,000,000)
50. Change in surplus as regards policyholders for the year (Line 38).....	410,394,778	(508,399,549)	508,188,017	1,503,504,434	1,300,967,929
<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).....	5,325,734,682	5,712,645,252	5,612,760,185	5,925,705,260	1,345,285,395
52. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,072,334,749	2,026,801,525	2,184,030,011	2,635,832,496	1,816,673,315
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,013,924,684	2,985,406,329	2,418,303,309	2,989,884,348	2,085,895,142
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	77,821,113	80,311,898	224,230,877	269,838,817	(184,281,450)
55. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	200,254,076	706,285,710	422,035,384	372,277,510	(853,384,978)
56. Total (Line 35).....	10,690,069,305	11,511,450,714	10,861,359,765	12,193,538,431	4,210,187,424
<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).....	986,223,815	1,039,762,259	1,170,713,285	1,013,800,017	858,935,321
58. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	408,919,763	401,417,312	375,868,631	358,722,238	398,873,646
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	674,414,094	663,201,699	467,925,197	568,948,206	609,835,186
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	18,655,834	16,805,688	34,468,679	43,089,775	(64,638,700)
61. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	21,891,803	109,960,902	57,788,042	65,436,283	(187,546,242)
62. Total (Line 35).....	2,110,105,310	2,231,147,860	2,106,763,833	2,049,996,519	1,615,459,210
<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).....	46.0	48.2	46.9	47.3	61.2
65. Loss expenses incurred (Line 3).....	12.2	13.1	12.1	12.3	13.8
66. Other underwriting expenses incurred (Line 4).....	31.9	31.3	30.3	27.8	27.8
67. Net underwriting gain (loss) (Line 8).....	9.8	7.4	10.7	12.6	(2.8)
<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).....	31.0	33.3	29.8	18.2	25.4
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	58.2	61.3	59.0	59.6	75.0
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).....	50.4	53.1	49.9	53.1	62.0
<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).....	(252,144)	(322,867)	(137,116)	(94,841)	113,280
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).....	(3.2)	(3.8)	(1.7)	(1.6)	2.4
<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).....	(593,661)	(401,872)	(173,266)	227,603	830,551
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).....	(7.0)	(5.0)	(2.9)	4.9	18.5

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	212,343	86,336	67,475	9,833	26,996	473	5,190	210,172	XXX
2. 2000.....	3,773,016	797,549	2,975,468	2,904,137	714,678	320,476	49,820	146,762	15,795	98,071	2,591,083	XXX
3. 2001.....	4,063,982	709,813	3,354,169	3,276,935	978,459	316,419	65,526	171,332	17,615	82,644	2,703,085	XXX
4. 2002.....	4,501,254	926,528	3,574,726	2,292,466	508,957	270,501	39,045	140,766	13,717	80,781	2,142,014	XXX
5. 2003.....	4,808,432	937,234	3,871,198	2,121,079	349,644	227,718	28,917	141,052	13,424	86,761	2,097,865	XXX
6. 2004.....	4,905,565	906,670	3,998,895	1,945,261	340,227	187,635	24,645	157,098	14,458	86,852	1,910,663	XXX
7. 2005.....	4,670,931	706,883	3,964,048	2,202,268	602,668	158,986	24,050	160,009	10,534	72,788	1,884,011	XXX
8. 2006.....	4,585,945	595,224	3,990,722	1,527,312	181,877	121,779	12,195	176,199	5,501	72,140	1,625,716	XXX
9. 2007.....	5,020,438	858,815	4,161,623	1,481,701	133,687	102,405	7,964	188,485	4,154	83,513	1,626,786	XXX
10. 2008.....	4,674,433	473,077	4,201,356	1,621,502	150,857	75,349	6,420	213,389	3,071	75,514	1,749,893	XXX
11. 2009.....	4,606,917	376,929	4,229,988	955,085	39,545	31,030	1,383	175,253	1,651	41,616	1,118,787	XXX
12. Totals.....	XXX	XXX	XXX	20,540,089	4,086,934	1,879,774	269,800	1,697,341	100,394	785,870	19,660,075	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.....	1,365,576	406,561	1,384,274	241,585	146,755	26,949	256,117	18,315	134,982	181	1,879	2,594,113	XXX
2. 2000.....	149,527	47,506	133,150	42,335	12,044	2,998	22,133	3,644	11,385	18	974	231,738	XXX
3. 2001.....	205,758	57,640	164,465	41,074	17,877	7,224	29,382	6,491	33,290	96	5,305	338,246	XXX
4. 2002.....	145,845	49,063	188,859	55,108	12,932	1,754	37,590	11,978	11,352	(12)	2,089	278,688	XXX
5. 2003.....	157,473	36,084	170,009	48,449	15,209	1,469	51,052	12,536	35,295	9	9,991	330,491	XXX
6. 2004.....	161,698	41,387	189,483	51,010	16,845	1,629	46,151	7,868	14,131	(18)	7,420	326,433	XXX
7. 2005.....	163,548	41,327	282,524	85,159	18,628	2,277	49,006	7,630	14,310	(30)	12,042	391,653	XXX
8. 2006.....	223,479	45,295	334,528	67,692	27,046	2,376	54,107	10,097	21,696	4	17,346	535,391	XXX
9. 2007.....	290,046	43,258	436,873	86,573	39,293	2,844	77,333	5,358	29,716	81	26,613	735,149	XXX
10. 2008.....	467,365	55,396	604,413	94,884	45,502	2,788	141,608	9,297	43,061	81	47,670	1,139,502	XXX
11. 2009.....	537,583	61,631	942,693	109,382	41,258	2,241	159,686	8,431	107,867	143	71,387	1,607,258	XXX
12. Totals.....	3,867,897	885,148	4,831,272	923,250	393,389	54,549	924,164	101,646	457,084	553	202,715	8,508,661	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	2,101,704	492,409
2. 2000.	3,699,614	876,794	2,822,821	98.1	109.9	94.9	0	0	23.29	192,836	38,902
3. 2001.	4,215,458	1,174,127	3,041,331	103.7	165.4	90.7	0	0	23.29	271,509	66,737
4. 2002.	3,100,311	679,609	2,420,703	68.9	73.4	67.7	0	0	23.29	230,533	48,155
5. 2003.	2,918,887	490,532	2,428,355	60.7	52.3	62.7	0	0	23.29	242,949	87,542
6. 2004.	2,718,302	481,206	2,237,096	55.4	53.1	55.9	0	0	23.29	258,784	67,649
7. 2005.	3,049,278	773,615	2,275,663	65.3	109.4	57.4	0	0	23.29	319,586	72,066
8. 2006.	2,486,145	325,038	2,161,107	54.2	54.6	54.2	0	0	23.29	445,020	90,371
9. 2007.	2,645,853	283,918	2,361,935	52.7	33.1	56.8	0	0	23.29	597,088	138,060
10. 2008.	3,212,190	322,795	2,889,395	68.7	68.2	68.8	0	0	23.29	921,498	218,005
11. 2009.	2,950,453	224,408	2,726,045	64.0	59.5	64.4	0	0	23.29	1,309,263	297,994
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	6,890,771	1,617,890

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.....	5,654,136	5,722,661	6,543,534	6,716,132	7,132,453	7,446,512	7,570,902	7,675,114	7,733,253	7,765,898	32,645	90,784
2. 2000.....	2,176,241	2,260,609	2,338,823	2,505,335	2,637,744	2,674,866	2,706,586	2,698,303	2,721,239	2,686,875	(34,364)	(11,428)
3. 2001.....	XXX	2,669,703	2,711,760	2,825,690	2,871,169	2,838,649	2,873,817	2,855,374	2,872,758	2,862,011	(10,747)	6,637
4. 2002.....	XXX	XXX	2,396,785	2,224,106	2,283,283	2,307,930	2,324,774	2,310,675	2,305,987	2,293,978	(12,009)	(16,696)
5. 2003.....	XXX	XXX	XXX	2,386,324	2,259,800	2,312,258	2,304,267	2,317,204	2,322,023	2,277,903	(44,120)	(39,301)
6. 2004.....	XXX	XXX	XXX	XXX	2,609,673	2,368,029	2,266,243	2,204,129	2,127,493	2,093,119	(34,374)	(111,011)
7. 2005.....	XXX	XXX	XXX	XXX	XXX	2,651,501	2,434,224	2,352,664	2,190,355	2,124,153	(66,201)	(228,511)
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	2,217,641	2,143,903	2,026,073	1,982,340	(43,733)	(161,563)
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,283,377	2,222,743	2,160,805	(61,938)	(122,572)
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,625,289	2,647,987	22,697	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,457,782	XXX	XXX
12. Totals.....											(252,144)	(593,661)

### 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	1,293,429	2,360,963	3,235,990	3,687,704	4,104,635	4,447,470	4,718,048	5,030,427	5,214,075	XXX	XXX
2. 2000.....	774,381	1,322,227	1,717,250	1,992,740	2,082,649	2,206,631	2,289,702	2,358,467	2,440,260	2,460,116	XXX	XXX
3. 2001.....	XXX	787,970	1,430,706	1,843,197	2,116,098	2,304,360	2,406,958	2,472,696	2,519,542	2,549,368	XXX	XXX
4. 2002.....	XXX	XXX	673,778	1,142,683	1,426,888	1,649,998	1,812,200	1,913,088	1,978,738	2,014,965	XXX	XXX
5. 2003.....	XXX	XXX	XXX	691,809	1,185,937	1,505,328	1,694,655	1,840,608	1,922,434	1,970,236	XXX	XXX
6. 2004.....	XXX	XXX	XXX	XXX	690,438	1,178,359	1,415,620	1,593,484	1,698,151	1,768,024	XXX	XXX
7. 2005.....	XXX	XXX	XXX	XXX	XXX	738,776	1,280,930	1,491,962	1,639,969	1,734,536	XXX	XXX
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	707,842	1,096,603	1,304,642	1,455,018	XXX	XXX
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	770,251	1,202,412	1,442,455	XXX	XXX
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,009,050	1,539,575	XXX	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	945,186	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.....	2,801,736	2,067,654	2,074,090	1,761,644	1,795,728	1,819,326	1,720,978	1,665,536	1,490,408	1,409,088
2. 2000.....	803,926	400,169	165,333	230,938	266,475	186,610	190,194	153,944	141,920	112,620
3. 2001.....	XXX	1,216,540	661,987	459,458	289,579	194,632	198,413	164,301	168,643	151,260
4. 2002.....	XXX	XXX	1,182,581	570,673	395,710	289,252	237,166	204,637	188,056	167,965
5. 2003.....	XXX	XXX	XXX	1,191,008	591,797	405,320	284,955	237,073	223,790	168,370
6. 2004.....	XXX	XXX	XXX	XXX	1,399,486	760,668	496,374	349,680	246,681	185,810
7. 2005.....	XXX	XXX	XXX	XXX	XXX	1,220,904	759,641	577,334	347,018	249,195
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	1,041,717	689,491	449,259	322,478
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,005,601	632,146	433,688
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,055,938	651,506
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	997,057

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	23,145,214	23,427,024	3,175	10,094,471	7,909,156	61,021,368	(19,313)	0
2. Alaska.....AK	L	1,228,828	1,211,132	0	413,841	(684,931)	5,188,248	168	0
3. Arizona.....AZ	L	27,940,678	29,916,496	7,704	9,334,216	6,524,106	53,076,381	23,455	0
4. Arkansas.....AR	L	23,824,990	22,531,599	1,245	11,286,276	9,732,406	81,537,775	24,066	0
5. California.....CA	Q	2,293,015	1,846,737	0	14,291,326	322,133	99,763,690	3,098	0
6. Colorado.....CO	L	42,571,407	42,966,786	15,914	28,362,993	21,302,349	92,619,248	68,352	0
7. Connecticut.....CT	L	33,073,626	34,010,368	11,694	29,645,231	12,691,737	151,522,507	110,680	0
8. Delaware.....DE	L	7,016,159	7,552,198	0	3,357,494	(1,146,731)	37,656,508	25,016	0
9. District of Columbia.....DC	L	16,189,912	17,239,828	0	8,249,161	4,691,468	50,207,907	12,593	0
10. Florida.....FL	L	44,951,252	47,129,867	9,240	27,912,073	(112,694)	313,638,493	4,951	0
11. Georgia.....GA	L	42,504,891	42,303,000	7,523	24,497,164	22,612,432	78,256,405	198,948	0
12. Hawaii.....HI	L	7,264,290	6,628,375	13	1,972,053	3,190,518	26,234,984	795	0
13. Idaho.....ID	L	9,801,694	9,370,423	118	2,976,837	2,799,980	12,418,093	17,580	0
14. Illinois.....IL	L	70,132,328	72,762,907	8,637	66,113,967	11,096,984	254,983,154	67,162	0
15. Indiana.....IN	L	29,887,931	28,954,541	0	19,660,735	12,035,130	46,725,607	17,827	0
16. Iowa.....IA	L	16,066,072	16,803,702	0	11,917,017	7,434,724	53,344,649	11,194	0
17. Kansas.....KS	L	38,974,058	40,747,446	6,769	20,725,084	38,147,450	94,504,264	31,270	0
18. Kentucky.....KY	L	15,709,354	15,833,164	277	9,476,802	6,379,339	91,932,997	13,639	0
19. Louisiana.....LA	L	16,463,149	15,721,226	26,948	13,076,886	11,500,175	70,847,292	13,309	0
20. Maine.....ME	L	4,496,966	4,633,509	0	3,713,119	1,342,748	27,880,785	16,175	0
21. Maryland.....MD	L	44,042,228	44,908,391	1,363	22,815,980	22,100,918	76,550,869	212,993	0
22. Massachusetts.....MA	L	110,324,444	108,070,339	14,800	70,115,971	16,542,869	239,905,549	525,904	0
23. Michigan.....MI	L	30,171,359	31,031,437	0	28,445,172	11,653,105	118,036,120	27,962	0
24. Minnesota.....MN	L	19,997,903	19,633,265	0	7,121,534	3,638,317	85,680,913	19,234	0
25. Mississippi.....MS	L	23,655,786	24,403,880	548	9,150,746	8,030,830	64,829,702	20,519	0
26. Missouri.....MO	L	31,005,504	30,606,086	58	16,186,829	19,203,394	87,105,085	31,891	0
27. Montana.....MT	L	10,533,959	10,417,345	0	9,954,307	5,330,379	19,107,144	22,468	0
28. Nebraska.....NE	L	25,150,681	25,510,880	56,530	18,921,204	20,418,628	57,398,215	19,964	0
29. Nevada.....NV	L	23,207,638	25,709,456	0	5,674,254	1,951,084	34,975,768	24,237	0
30. New Hampshire.....NH	L	11,330,382	11,742,584	0	4,406,784	2,390,402	39,599,578	23,589	0
31. New Jersey.....NJ	L	83,059,222	89,911,807	279,361	54,808,550	23,561,780	394,670,769	134,183	0
32. New Mexico.....NM	L	7,162,407	7,031,295	0	3,301,418	875,225	18,876,599	8,180	0
33. New York.....NY	L	129,038,621	132,617,462	14,032	117,779,844	14,257,781	650,696,347	465,820	0
34. North Carolina.....NC	L	62,249,729	70,606,823	8,760	34,319,773	17,343,421	138,006,377	366,874	0
35. North Dakota.....ND	L	2,173,322	2,111,383	0	446,855	561,532	1,724,478	1,045	0
36. Ohio.....OH	L	30,484,901	30,189,858	0	27,667,441	2,354,356	78,117,008	27,232	0
37. Oklahoma.....OK	L	33,903,310	30,961,011	856	33,319,577	35,226,106	39,414,997	2,623	0
38. Oregon.....OR	L	17,168,828	15,467,852	50	6,497,440	6,587,684	26,113,249	24,113	0
39. Pennsylvania.....PA	L	93,035,613	93,257,026	761	46,631,629	18,794,378	291,056,273	809,413	0
40. Rhode Island.....RI	L	5,733,904	6,845,991	0	3,097,924	(647,423)	24,866,190	20,913	0
41. South Carolina.....SC	L	17,395,555	18,254,650	7,859	7,541,209	7,327,026	47,955,656	24,836	0
42. South Dakota.....SD	L	2,821,903	2,849,745	0	1,754,709	340,609	13,426,678	2,147	0
43. Tennessee.....TN	L	48,895,183	50,776,699	34,081	16,501,753	18,527,712	151,809,106	82,297	0
44. Texas.....TX	L	66,873,443	68,040,715	64,733	63,403,797	217,725,751	361,161,419	136,084	0
45. Utah.....UT	L	11,271,894	11,368,118	0	2,321,994	82,471	14,099,650	22,332	0
46. Vermont.....VT	L	5,332,280	5,792,204	0	3,407,021	(211,065)	26,217,784	13,636	0
47. Virginia.....VA	L	47,513,030	49,547,251	2,833	25,715,958	(3,377,679)	123,011,145	87,260	0
48. Washington.....WA	L	27,966,125	25,235,146	0	10,852,892	5,208,544	35,070,294	58,352	0
49. West Virginia.....WV	L	9,817,191	10,037,456	21	2,091,823	4,713,157	55,494,645	7,002	0
50. Wisconsin.....WI	L	20,490,574	24,706,518	10,084	3,256,441	(2,905,406)	46,844,218	9,834	0
51. Wyoming.....WY	L	4,423,273	4,196,844	0	2,281,616	2,036,571	3,500,190	3,977	0
52. American Samoa.....AS	N	0	0	0	0	0	0	0	0
53. Guam.....GU	L	40,881	40,089	0	(8,550)	(19,057)	0	0	0
54. Puerto Rico.....PR	L	584,078	572,310	0	73,005	53,505	79,764	4	0
55. US Virgin Islands.....VI	L	8,476	8,691	0	0	(9,647)	38,601	0	0
56. Northern Mariana Islands.....MP	N	0	0	0	0	0	0	0	0
57. Canada.....CN	N	0	0	0	0	0	0	0	0
58. Aggregate Other Alien.....OT	XXX	3,046,861	1,531,320	0	449,467	(1,767,764)	2,869,779	0	0
59. Totals.....	(a) 53	1,533,446,300	1,565,582,252	595,987	977,383,113	655,667,975	5,071,670,513	3,877,883	0

**DETAILS OF WRITE-INS**

5801. Other Alien Combined.....	XXX	3,046,861	1,531,320	0	449,467	(1,767,764)	2,869,779	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	3,046,861	1,531,320	0	449,467	(1,767,764)	2,869,779	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.

Location of property: 1 Fire, 2 Allied lines, 3 Farmowners, 4 Homeowners, 5 CMP, 12 Earthquake, 25 Glass, 26 Burglary and theft, 27 Boiler and machinery, 28 credit; Location of risk: 11 Medical malpractice, 14 Group A&H, 17 Other liability; Location of garage: 19 Auto liability, 21 Auto physical damage, 8 Ocean marine - Where policy is negotiated and placed; 9 Inland marine - Where located; 10 Financial guaranty - Location of principal; 15 Other A&H - Insured's residence; 16 Workers' compensation - Location of employee's workplace; 23 Fidelity - Location of insured's principal office; 22 Aircraft - Location of airport from which insured's aircraft operates; 24 Surety - Depository, supply contract and miscellaneous: Location of principal; Judicial: Location of court; Licensee: Location of obligee; Construction: Location of work.

**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

## 2009 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	56
Cash Flow	5	Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	56
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	56
Exhibit of Net Investment Income	12	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	56
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	56
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	57
Five-Year Historical Data	17	Schedule P-Part 2J-Auto Physical Damage	57
General Interrogatories	15	Schedule P-Part 2K-Fidelity, Surety	57
Jurat Page	1	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	57
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2M-International	57
Notes To Financial Statements	14	Schedule P-Part 2N-Reinsurance	58
Overflow Page For Write-ins	97	Schedule P-Part 2O-Reinsurance	58
Schedule A-Part 1	E01	Schedule P-Part 2P-Reinsurance	58
Schedule A-Part 2	E02	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	59
Schedule A-Part 3	E03	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	59
Schedule A-Verification Between Years	SI02	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	59
Schedule B-Part 1	E04	Schedule P-Part 2T-Warranty	59
Schedule B-Part 2	E05	Schedule P-Part 3-Summary	32
Schedule B-Part 3	E06	Schedule P-Part 3A-Homeowners/Farmowners	60
Schedule B-Verification Between Years	SI02	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	60
Schedule BA-Part 1	E07	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	60
Schedule BA-Part 2	E08	Schedule P-Part 3D-Workers' Compensation	60
Schedule BA-Part 3	E09	Schedule P-Part 3E-Commercial Multiple Peril	60
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3F-Section 1-Medical Professional Liability-Occurrence	61
Schedule D-Part 1	E10	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	61
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	61
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	61
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	61
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	62
Schedule D-Part 3	E13	Schedule P-Part 3J-Auto Physical Damage	62
Schedule D-Part 4	E14	Schedule P-Part 3K-Fidelity/Surety	62
Schedule D-Part 5	E15	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	62
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3M-International	62
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3N-Reinsurance	63
Schedule D-Summary By Country	SI04	Schedule P-Part 3O-Reinsurance	63
Schedule D-Verification Between Years	SI03	Schedule P-Part 3P-Reinsurance	63
Schedule DA-Part 1	E17	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	64
Schedule DA-Verification Between Years	SI11	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	64
Schedule DB-Part A-Section 1	E18	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	64
Schedule DB-Part A-Section 2	E18	Schedule P-Part 3T-Warranty	64
Schedule DB-Part A-Section 3	E19	Schedule P-Part 4-Summary	32
Schedule DB-Part A-Verification Between Years	SI12	Schedule P-Part 4A-Homeowners/Farmowners	65
Schedule DB-Part B-Section 1	E19	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	65
Schedule DB-Part B-Section 2	E20	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	65
Schedule DB-Part B-Section 3	E20	Schedule P-Part 4D-Workers' Compensation	65
Schedule DB-Part B-Verification Between Years	SI12	Schedule P-Part 4E-Commercial Multiple Peril	65
Schedule DB-Part C-Section 1	E21	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	66
Schedule DB-Part C-Section 2	E21	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	66
Schedule DB-Part C-Section 3	E22	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	66
Schedule DB-Part C-Verification Between Years	SI13	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	66
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	66
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	67
Schedule DB-Part D-Section 3	E23	Schedule P-Part 4J-Auto Physical Damage	67
Schedule DB-Part D-Verification Between Years	SI13	Schedule P-Part 4K-Fidelity/Surety	67
Schedule DB-Part E-Section 1	E24	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	67
Schedule DB-Part E-Verification Between Years	SI13	Schedule P-Part 4M-International	67
Schedule DB-Part F-Section 1	SI14	Schedule P-Part 4N-Reinsurance	68
Schedule DB-Part F-Section 2	SI15	Schedule P-Part 4O-Reinsurance	68
Schedule E-Part 1-Cash	E25	Schedule P-Part 4P-Reinsurance	68
Schedule E-Part 2-Cash Equivalents	E26	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	69
Schedule E-Part 3-Special Deposits	E27	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	69
Schedule E-Verification	SI16	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	69
Schedule F-Part 1	20	Schedule P-Part 4T-Warranty	69
Schedule F-Part 2	21	Schedule P-Part 5A-Homeowners/Farmowners	70
Schedule F-Part 3	22	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	71
Schedule F-Part 4	23	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	72
Schedule F-Part 5	24	Schedule P-Part 5D-Workers' Compensation	73
Schedule F-Part 6	25	Schedule P-Part 5E-Commercial Multiple Peril	74
Schedule F-Part 7	26	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	75
Schedule F-Part 8	27	Schedule P-Part 5F-Medical Professional Liability-Occurrence	76
Schedule H-Accident and Health Exhibit-Part 1	28	Schedule P-Part 5H-Other Liability-Claims-Made	77
Schedule H-Accident and Health Exhibit-Part 2, 3 and 4	29	Schedule P-Part 5H-Other Liability-Occurrence	78
Schedule H-Accident and Health Exhibit-Part 5-Health Claims	30	Schedule P-Part 5R-Products Liability-Claims-Made	79
Schedule P-Part 1-Summary	31	Schedule P-Part 5R-Products Liability-Occurrence	80
Schedule P-Part 1A-Homeowners/Farmowners	33	Schedule P-Part 5T-Warranty	81
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	34	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	82
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	35	Schedule P-Part 6D-Workers' Compensation	82
Schedule P-Part 1D-Workers' Compensation	36	Schedule P-Part 6E-Commercial Multiple Peril	83
Schedule P-Part 1E-Commercial Multiple Peril	37	Schedule P-Part 6H-Other Liability-Claims-Made	83
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	38	Schedule P-Part 6H-Other Liability-Occurrence	84
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	39	Schedule P-Part 6M-International	84
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	40	Schedule P-Part 6N-Reinsurance	85
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	41	Schedule P-Part 6O-Reinsurance	85
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	42	Schedule P-Part 6R-Products Liability-Claims-Made	86
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	43	Schedule P-Part 6R-Products Liability-Occurrence	86
Schedule P-Part 1J-Auto Physical Damage	44	Schedule P-Part 7A-Primary Loss Sensitive Contracts	87
Schedule P-Part 1K-Fidelity/Surety	45	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	89
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	46	Schedule P Interrogatories	91
Schedule P-Part 1M-International	47	Schedule T-Exhibit of Premiums Written	92
Schedule P-Part 1N-Reinsurance	48	Schedule T-Part 2-Interstate Compact-Exhibit of Premiums Written	93
Schedule P-Part 1O-Reinsurance	49	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	94
Schedule P-Part 1P-Reinsurance	50	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	95
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	51	Statement of Income	4
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	52	Summary Investment Schedule	SI01
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	53	Supplemental Exhibits and Schedules Interrogatories	96
Schedule P-Part 1T-Warranty	54	Underwriting and Investment Exhibit Part 1-Premiums Earned	6
Schedule P-Part 2-Summary	32	Underwriting and Investment Exhibit Part 1A-Recapitulation of All Premiums	7
Schedule P-Part 2A-Homeowners/Farmowners	55	Underwriting and Investment Exhibit Part 1B-Premiums Written	8
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	55	Underwriting and Investment Exhibit Part 2-Losses Paid and Incurred	9
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	55	Underwriting and Investment Exhibit Part 2A-Unpaid Losses and LAE	10
Schedule P-Part 2D-Workers' Compensation	55	Underwriting and Investment Exhibit Part 3-Expenses	11
Schedule P-Part 2E-Commercial Multiple Peril	55		