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ANNUAL STATEMENT

For the Year Ended December 31, 2007

of the Condition and Affairs of the

FACTORY MUTUAL INSURANCE COMPANY

NAIC Group Code.....65, 65 (Current Period) (Prior Period) NAIC Company Code..... 21482 Employer's ID Number..... 05-0316605

Organized under the Laws of Rhode Island State of Domicile or Port of Entry Rhode Island Country of Domicile US

Incorporated/Organized..... October 31, 1835 Commenced Business..... October 31, 1835

Statutory Home Office	1301 Atwood Avenue….. Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	1301 Atwood Avenue….. Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	401-275-3000 *(Area Code) (Telephone Number)*
Mail Address	P.O. Box 7500….. Johnston ..... RI ..... 02919-0500 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	1301 Atwood Avenue….. Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	401-275-3000 *(Area Code) (Telephone Number)*
Internet Website Address	www.fmglobal.com	
Statutory Statement Contact	Joy K. Cave *(Name)*	401-275-3000-1680 *(Area Code) (Telephone Number) (Extension)*
	joy.cave@fmglobal.com *(E-Mail Address)*	401-946-8306 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Shivan Sivaswamy Subramaniam	President and CEO	2. John James Pomeroy	Secretary and Sr. Vice President
3. William Alfred Mekrut	Treasurer		

OTHER

Antonius Rudolfus Henricus Bosman	Executive Vice President	Brian Joseph Hurley	Executive Vice President
Jeffrey Alfred Burchill	Senior Vice President	Jeanne Ruth Lieb	Senior Vice President
Paul Edward LaFleche	Senior Vice President	John James Pomeroy	Senior Vice President
Enzo Rebula	Senior Vice President		

DIRECTORS OR TRUSTEES

David Boyd Burritt	Walter Joseph Galvin	Mary Lynch Howell	John Anderson Luke, Jr
Gracia Catherine Martore	Robert Joseph O'Toole	David Pulman	William A. Roper, Jr #
Elisabeth Struckell	Shivan Sivaswamy Subramaniam	James Conrad Thyen	Alfred Joseph Verrecchia

State of.....Rhode Island.
County of.....Providence

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 of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Shivan Sivaswamy Subramaniam	John James Pomeroy	Theresa Ann Molloy
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President and CEO	Secretary and Sr. Vice President	VP Controller
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 1st day of February, 2008

John A. Soares III Notary Public

Expires July 5, 2009

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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	2,546,925,752		2,546,925,752	2,245,471,676
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	6,289,890,954		6,289,890,954	5,443,981,748
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens	578		578	2,693
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)	2,538,253		2,538,253	2,625,130
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....38,010,811, Sch. E-Part 1), cash equivalents ($.....3,995,323, Sch. E-Part 2) and short-term investments ($.....48,846,440, Sch. DA)	90,852,574		90,852,574	493,378,650
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)	248,120,516		248,120,516	147,787,639
8. Receivables for securities	1,250,750		1,250,750	21,875,964
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	9,179,579,377	0	9,179,579,377	8,355,123,500
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	35,641,265		35,641,265	33,142,923
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	423,026,965	1,253,929	421,773,036	406,706,935
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	175,185,339		175,185,339	132,256,751
14.2 Funds held by or deposited with reinsured companies	27,076,036		27,076,036	41,927,123
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	21,094,989
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit	2,462,040		2,462,040	2,974,147
18. Electronic data processing equipment and software	6,033,224		6,033,224	4,770,590
19. Furniture and equipment, including health care delivery assets ($.....0)	15,121,670	15,121,670	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates	3,353,161		3,353,161	
21. Receivables from parent, subsidiaries and affiliates	13,022,062	13,022,062	0	48,864,926
22. Health care ($.....0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	654,391,878	543,571,023	110,820,855	105,752,234
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	10,534,893,017	572,968,684	9,961,924,333	9,152,614,118
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	10,534,893,017	572,968,684	9,961,924,333	9,152,614,118

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			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. Pension Asset	444,576,646	444,576,646	0	
2302. Post Retirement	52,501,541	52,501,541	0	
2303. CSV Life Insurance	61,119,323		61,119,323	56,583,057
2398. Summary of remaining write-ins for Line 23 from overflow page	96,194,368	46,492,836	49,701,532	49,169,177
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	654,391,878	543,571,023	110,820,855	105,752,234

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 34, Column 8)	1,703,308,204	1,818,077,200
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	34,066,800	48,650,068
3.	Loss adjustment expenses (Part 2A, Line 34, Column 9)	161,112,522	137,139,237
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	202,103,848	179,434,203
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	19,328,178	24,022,862
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))	18,220,187	27,038,320
7.2	Net deferred tax liability	348,858,000	356,109,000
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....281,392,927 and including warranty reserves of $.....0)	1,246,422,466	1,219,152,864
10.	Advance premiums	10,578,029	10,130,061
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	160,432,952	144,661,149
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	45,159,346	43,863,934
14.	Amounts withheld or retained by company for account of others	9,392,003	9,226,451
15.	Remittances and items not allocated	82,269	2,475,212
16.	Provision for reinsurance (Schedule F, Part 7)	25,350,980	22,957,297
17.	Net adjustments in assets and liabilities due to foreign exchange rates		40,317,804
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	180,436,627	
20.	Payable for securities	3,723,744	33,686,439
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $.....0 and interest thereon $.....0		
23.	Aggregate write-ins for liabilities	22,840,521	18,967,069
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	4,191,416,676	4,135,909,170
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	4,191,416,676	4,135,909,170
27.	Aggregate write-ins for special surplus funds	0	0
28.	Common capital stock		
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
31.	Surplus notes		
32.	Gross paid in and contributed surplus		
33.	Unassigned funds (surplus)	5,769,257,657	5,015,454,948
34.	Less treasury stock, at cost:		
	34.1 .....0.000 shares common (value included in Line 28 $.....0)		
	34.2 .....0.000 shares preferred (value included in Line 29 $.....0)		
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	5,770,507,657	5,016,704,948
36.	TOTALS (Page 2, Line 26, Col. 3)	9,961,924,333	9,152,614,118

DETAILS OF WRITE-INS

2301.	Miscellaneous Accounts Payable	22,840,521	18,967,069
2302.			
2303.			
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	22,840,521	18,967,069
2701.			
2702.			
2703.			
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)	0	0
3001.	Guaranty Funds	1,250,000	1,250,000
3002.			
3003.			
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)	1,250,000	1,250,000

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 34, Column 4)	2,356,713,655	2,338,679,589
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 34, Column 7)	937,073,599	1,111,591,136
3.	Loss expenses incurred (Part 3, Line 25, Column 1)	113,662,485	88,789,710
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	599,257,414	565,138,132
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	1,649,993,498	1,765,518,978
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	706,720,157	573,160,611
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	174,998,459	162,059,942
10.	Net realized capital gains (losses) less capital gains tax of $.....115,426,000 (Exhibit of Capital Gains (Losses))	214,362,066	99,266,955
11.	Net investment gain (loss) (Lines 9 + 10)	389,360,525	261,326,897
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....0 amount charged off $.....175,479)	(175,479)	(266,575)
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	(1,109,175)	(222,369)
15.	Total other income (Lines 12 through 14)	(1,284,654)	(488,944)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,094,796,028	833,998,564
17.	Dividends to policyholders		
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)	1,094,796,028	833,998,564
19.	Federal and foreign income taxes incurred	258,961,249	242,323,160
20.	Net income (Line 18 minus Line 19) (to Line 22)	835,834,779	591,675,404
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	5,016,704,948	4,204,219,177
22.	Net income (from Line 20)	835,834,779	591,675,404
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $.....7,097,000	11,279,459	228,965,050
25.	Change in net unrealized foreign exchange capital gain (loss)	43,670,965	(1,842,758)
26.	Change in net deferred income tax	14,348,000	(27,138,000)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3)	(140,599,675)	(25,331,818)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(2,393,684)	(4,287,058)
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	(8,337,136)	50,444,951
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	753,802,708	812,485,771
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	5,770,507,657	5,016,704,948

DETAILS OF WRITE-INS

0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401.	Miscellaneous expense	(1,389)	(4,178)
1402.	Balances Charged off	(19,189)	(55,722)
1403.	Loss on foreign exchange	(1,088,597)	(162,469)
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(1,109,175)	(222,369)
3701.	Foreign Exchange & Other Adjustments	(8,337,136)	50,426,214
3702.	Interest on prior year federal and foreign income taxes		18,737
3703.			
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)	(8,337,136)	50,444,951

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	2,387,284,792	2,421,551,188
2. Net investment income	172,027,637	213,500,172
3. Miscellaneous income	(1,284,663)	(488,944)
4. Total (Lines 1 through 3)	2,558,027,766	2,634,562,416
5. Benefit and loss related payments	1,091,138,702	1,137,168,768
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	670,459,546	628,246,878
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....115,426,000 tax on capital gains (losses)	362,110,393	271,064,282
10. Total (Lines 5 through 9)	2,123,708,641	2,036,479,928
11. Net cash from operations (Line 4 minus Line 10)	434,319,125	598,082,488
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	951,846,309	1,584,471,116
12.2 Stocks	1,000,807,712	803,710,474
12.3 Mortgage loans	2,115	2,308
12.4 Real estate		
12.5 Other invested assets	31,413,865	24,991,057
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(186,646)	
12.7 Miscellaneous proceeds	20,625,214	23,781,594
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,004,508,569	2,436,956,549
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,267,438,200	1,842,511,577
13.2 Stocks	1,518,546,061	1,164,105,766
13.3 Mortgage loans		
13.4 Real estate		7,200
13.5 Other invested assets	105,763,760	64,826,941
13.6 Miscellaneous applications	29,962,695	18,916,305
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,921,710,716	3,090,367,789
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(917,202,147)	(653,411,240)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	80,356,946	(35,076,706)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	80,356,946	(35,076,706)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(402,526,076)	(90,405,458)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	493,378,650	583,784,108
19.2 End of year (Line 18 plus Line 19.1)	90,852,574	493,378,650

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

20.0001		

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	490,909,433	203,929,161	265,596,342	429,242,252
2.	Allied lines	909,082,420	553,158,694	477,286,909	984,954,205
3.	Farmowners multiple peril				0
4.	Homeowners multiple peril				0
5.	Commercial multiple peril				0
6.	Mortgage guaranty				0
8.	Ocean marine	737,068	336,720	330,286	743,502
9.	Inland marine	501,065,121	258,653,868	289,383,713	470,335,276
10.	Financial guaranty				0
11.1	Medical malpractice - occurrence				0
11.2	Medical malpractice - claims-made				0
12.	Earthquake				0
13.	Group accident and health				0
14.	Credit accident and health (group and individual)				0
15.	Other accident and health				0
16.	Workers' compensation	82			82
17.1	Other liability - occurrence	5,792			5,792
17.2	Other liability - claims-made				0
18.1	Products liability - occurrence				0
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability				0
19.3, 19.4	Commercial auto liability				0
21.	Auto physical damage				0
22.	Aircraft (all perils)				0
23.	Fidelity				0
24.	Surety				0
26.	Burglary and theft				0
27.	Boiler and machinery	427,817,996	203,074,421	213,825,216	417,067,201
28.	Credit				0
29.	International				0
30.	Reinsurance - nonproportional assumed property	54,365,345			54,365,345
31.	Reinsurance - nonproportional assumed liability				0
32.	Reinsurance - nonproportional assumed financial lines				0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	2,383,983,257	1,219,152,864	1,246,422,466	2,356,713,655

DETAILS OF WRITE-INS

3301.					0
3302.					0
3303.					0
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running more than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	265,596,342				265,596,342
2.	Allied lines	477,286,909				477,286,909
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril					0
5.	Commercial multiple peril					0
6.	Mortgage guaranty					0
8.	Ocean marine	330,286				330,286
9.	Inland marine	289,383,713				289,383,713
10.	Financial guaranty					0
11.1	Medical malpractice - occurrence					0
11.2	Medical malpractice - claims-made					0
12.	Earthquake					0
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation					0
17.1	Other liability - occurrence					0
17.2	Other liability - claims-made					0
18.1	Products liability - occurrence					0
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability					0
19.3, 19.4	Commercial auto liability					0
21.	Auto physical damage					0
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft					0
27.	Boiler and machinery	213,825,216				213,825,216
28.	Credit					0
29.	International					0
30.	Reinsurance - nonproportional assumed property					0
31.	Reinsurance - nonproportional assumed liability					0
32.	Reinsurance - nonproportional assumed financial lines					0
33.	Aggregate write-ins for other lines of business	0	0	0	0	0
34.	TOTALS	1,246,422,466	0	0	0	1,246,422,466
35.	Accrued retrospective premiums based on experience					
36.	Earned but unbilled premiums					
37.	Balance (sum of Lines 34 through 36)					1,246,422,466

DETAILS OF WRITE-INS

3301.						0
3302.						0
3303.						0
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) State here basis of computation used in each case:

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire	510,923,767	100,534,606	33,622,002	1,806,027	152,364,915	490,909,433
2.	Allied lines	951,507,748	195,067,084	60,678,556	3,493,069	294,677,899	909,082,420
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril						0
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine	779,773		4,038	2,932	43,811	737,068
9.	Inland marine	630,293,297	66,915,552	29,936,058	1,975,866	224,103,920	501,065,121
10.	Financial guaranty						0
11.1	Medical malpractice - occurrence						0
11.2	Medical malpractice - claims-made						0
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation			82			82
17.1	Other liability - occurrence			5,792			5,792
17.2	Other liability - claims-made						0
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability						0
19.3, 19.4	Commercial auto liability						0
21.	Auto physical damage						0
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety						0
26.	Burglary and theft						0
27.	Boiler and machinery	319,024,301	80,548,772	108,171,122	1,171,106	78,755,093	427,817,996
28.	Credit						0
29.	International						0
30.	Reinsurance - nonproportional assumed property	XXX	108,357,434	2,428	53,994,517		54,365,345
31.	Reinsurance - nonproportional assumed liability	XXX					0
32.	Reinsurance - nonproportional assumed financial lines	XXX					0
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
34.	TOTALS	2,412,528,886	551,423,448	232,420,078	62,443,517	749,945,638	2,383,983,257

DETAILS OF WRITE-INS

3301.							0
3302.							0
3303.							0
3398.	Summary of remaining write-ins for Line 33 from overflow page.	0	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

If yes: 1. The amount of such installment premiums $.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	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.	Fire	248,432,582	258,510,938	59,431,874	447,511,646	508,267,528	597,850,519	357,928,655	83.4
2.	Allied lines	323,070,769	11,867,284	110,147,162	224,790,891	199,506,306	410,128,948	14,168,249	1.4
3.	Farmowners multiple peril				0			0	
4.	Homeowners multiple peril				0			0	
5.	Commercial multiple peril				0			0	
6.	Mortgage guaranty				0			0	
8.	Ocean marine	35,650,580	9,440,343	42,429,502	2,661,421	52,518,012	47,096,425	8,083,008	1,087.2
9.	Inland marine	256,969,804	14,495,380	128,612,241	142,852,943	309,524,236	129,754,375	322,622,804	68.6
10.	Financial guaranty				0			0	
11.1	Medical malpractice - occurrence				0			0	
11.2	Medical malpractice - claims-made				0			0	
12.	Earthquake				0			0	
13.	Group accident and health				0			0	
14.	Credit accident and health (group and individual)				0			0	
15.	Other accident and health				0			0	
16.	Workers' compensation		(21,190)		(21,190)	450,921	313,069	116,662	142,270.7
17.1	Other liability - occurrence	25,449,359	8,859,893	32,332,931	1,976,321	85,197,003	112,507,830	(25,334,506)	(437,405.1)
17.2	Other liability - claims-made				0			0	
18.1	Products liability - occurrence		215		215	500,182		500,397	
18.2	Products liability - claims-made				0			0	
19.1, 19.2	Private passenger auto liability				0			0	
19.3, 19.4	Commercial auto liability				0			0	
21.	Auto physical damage				0			0	
22.	Aircraft (all perils)	61,532	5,715	52,665	14,582	3,101,453	2,436,297	679,738	
23.	Fidelity	51,206			51,206	5,678,617	5,729,823	0	
24.	Surety				0			0	
26.	Burglary and theft				0			0	
27.	Boiler and machinery	145,036,384	50,647,865	22,793,109	172,891,140	218,580,512	161,925,320	229,546,332	55.0
28.	Credit				0			0	
29.	International				0			0	
30.	Reinsurance - nonproportional assumed property	XXX	59,601,053	30,681,612	28,919,441			28,919,441	53.2
31.	Reinsurance - nonproportional assumed liability	XXX	78,457,358	48,263,379	30,193,979	319,983,434	350,334,594	(157,181)	
32.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	
34.	TOTALS	1,034,722,216	491,864,854	474,744,475	1,051,842,595	1,703,308,204	1,818,077,200	937,073,599	39.8

DETAILS OF WRITE-INS

3301.					0			0	
3302.					0			0	
3303.					0			0	
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	XXX
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1.	Fire	215,238,911	236,372,351	37,025,201	414,586,061	72,943,710	20,737,757		508,267,528	27,834,020
2.	Allied lines	112,218,534	3,993,499	33,181,602	83,030,431	116,451,646	24,229		199,506,306	18,880,196
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril				0				0	
5.	Commercial multiple peril				0				0	
6.	Mortgage guaranty				0				0	
8.	Ocean marine	11,508,398	2,776,719	10,448,487	3,836,630	13,542,238	42,650,990	7,511,846	52,518,012	872,117
9.	Inland marine	132,580,729	83,610,738	46,354,194	169,837,273	109,380,998	32,470,240	2,164,275	309,524,236	30,452,652
10.	Financial guaranty				0				0	
11.1	Medical malpractice - occurrence				0				0	
11.2	Medical malpractice - claims-made				0				0	
12.	Earthquake				0				0	
13.	Group accident and health				0				(a) 0	
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation		450,921		450,921				450,921	7,897
17.1	Other liability - occurrence	110,796,211	18,873,589	91,324,113	38,345,687	52,462,547	60,055,630	65,666,861	85,197,003	2,526,497
17.2	Other liability - claims-made				0				0	
18.1	Products liability - occurrence		500,182		500,182				500,182	
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability				0				0	
19.3, 19.4	Commercial auto liability				0				0	
21.	Auto physical damage				0				0	
22.	Aircraft (all perils)	97,517	23,676	73,561	47,632	718,092	2,388,623	52,894	3,101,453	39,512
23.	Fidelity				0	5,678,617			5,678,617	
24.	Surety				0				0	
26.	Burglary and theft				0				0	
27.	Boiler and machinery	155,464,458	47,943,602	43,876,419	159,531,641	55,942,998	3,105,873		218,580,512	13,891,747
28.	Credit				0				0	
29.	International				0				0	
30.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
31.	Reinsurance - nonproportional assumed liability	XXX	185,148,116	58,733,866	126,414,250	XXX	252,274,849	58,705,665	319,983,434	66,607,884
32.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
33.	Aggregate write-ins for other lines of business	0		0	0	0	0	0	0	0
34.	TOTALS	737,904,758	579,693,393	321,017,443	996,580,708	427,120,846	413,708,191	134,101,541	1,703,308,204	161,112,522

DETAILS OF WRITE-INS

3301.					0				0	
3302.					0				0	
3303.					0				0	
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	65,359,692			65,359,692
1.2 Reinsurance assumed	31,381,284			31,381,284
1.3 Reinsurance ceded	14,856,808			14,856,808
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	81,884,168	0	0	81,884,168
2. Commission and brokerage:				
2.1 Direct, excluding contingent				0
2.2 Reinsurance assumed, excluding contingent		170,074,825		170,074,825
2.3 Reinsurance ceded, excluding contingent		96,836,042		96,836,042
2.4 Contingent - direct				0
2.5 Contingent - reinsurance assumed				0
2.6 Contingent - reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	73,238,783	0	73,238,783
3. Allowances to managers and agents				0
4. Advertising	11,326	8,823,085		8,834,411
5. Boards, bureaus and associations		199,097		199,097
6. Surveys and underwriting reports	512	7,721,879		7,722,391
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	16,201,895	181,063,999	1,596,826	198,862,720
8.2 Payroll taxes	933,777	10,411,366	113,606	11,458,749
9. Employee relations and welfare	5,157,987	72,829,456	591,273	78,578,716
10. Insurance	164,999	4,444,145	366	4,609,510
11. Directors' fees		1,935,233		1,935,233
12. Travel and travel items	3,865,299	30,256,644	33,393	34,155,336
13. Rent and rent items	2,269,909	37,593,302	391,689	40,254,900
14. Equipment	222,419	10,563,352		10,785,771
15. Cost or depreciation of EDP equipment and software	133,010	16,134,353	52,637	16,320,000
16. Printing and stationery	315,450	6,104,210	27,165	6,446,825
17. Postage, telephone and telegraph, exchange and express	350,113	3,139,227	17,257	3,506,597
18. Legal and auditing	1,919,527	2,154,499		4,074,026
19. Totals (Lines 3 to 18)	31,546,223	393,373,847	2,824,212	427,744,282
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.....607,281		65,086,457		65,086,457
20.2 Insurance department licenses and fees		874,489		874,489
20.3 Gross guaranty association assessments		2,671,658		2,671,658
20.4 All other (excluding federal and foreign income and real estate)				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	68,632,604	0	68,632,604
21. Real estate expenses			75,180	75,180
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	232,094	64,012,180	7,633,348	71,877,622
25. Total expenses incurred	113,662,485	599,257,414	10,532,740	(a) 723,452,639
26. Less unpaid expenses - current year	161,112,522	221,432,026		382,544,548
27. Add unpaid expenses - prior year	137,139,237	203,457,065		340,596,302
28. Amounts receivable relating to uninsured plans, prior year				0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	89,689,200	581,282,453	10,532,740	681,504,393

DETAILS OF WRITE-INS

2401. Bank Activity Fees	688	45,221	319,015	364,924
2402. Investment Management Fees			7,006,340	7,006,340
2403. Miscellaneous	10,994	7,097,871	130,843	7,239,708
2498. Summary of remaining write-ins for Line 24 from overflow page	220,412	56,869,088	177,150	57,266,650
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	232,094	64,012,180	7,633,348	71,877,622

(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) 37,391,664	37,932,769
1.1	Bonds exempt from U.S. tax	(a) 32,503,044	34,796,614
1.2	Other bonds (unaffiliated)	(a) 45,000,163	46,984,041
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	71,830,837	69,679,221
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 75,180	75,180
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 26,349,789	26,152,317
7.	Derivative instruments	(f)	
8.	Other invested assets	791,899	791,899
9.	Aggregate write-ins for investment income	4,866,873	4,866,873
10.	Total gross investment income	218,809,449	221,278,914
11.	Investment expenses		(g) 10,532,740
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 35,660,852
14.	Depreciation on real estate and other invested assets		(i) 86,863
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		46,280,455
17.	Net investment income (Line 10 minus Line 16)		174,998,459

DETAILS OF WRITE-INS

0901.	Interest on Income Tax Refunds	3,784,432	3,784,432
0902.	Interest Income on Securities Lending	150,428	150,428
0903.	Misc. Interest Income	749,302	749,302
0998.	Summary of remaining write-ins for Line 9 from overflow page	182,711	182,711
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	4,866,873	4,866,873
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....2,566,128 accrual of discount less $.....10,901,320 amortization of premium and less $.....8,913,503 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 $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....4,870,971 accrual of discount less $.....12,045 amortization of premium and less $.....8,999 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 $.....86,863 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	32,748		32,748		
1.1	Bonds exempt from U.S. tax	(1,078,797)		(1,078,797)		
1.2	Other bonds (unaffiliated)	1,991,780		1,991,780	(6,748,353)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	346,057,966	(38,277,702)	307,780,264	16,886,558	
2.21	Common stocks of affiliates			0	3,503,992	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(186,646)		(186,646)		
7.	Derivative instruments			0		
8.	Other invested assets	15,750,718	5,497,999	21,248,717	4,734,263	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	362,567,769	(32,779,703)	329,788,066	18,376,460	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				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)	0	0	0	0	0

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
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	1,253,929	3,401,794	2,147,865
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets	15,121,670	15,834,422	712,752
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates	13,022,062		(13,022,062)
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	543,571,023	413,132,793	(130,438,230)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	572,968,684	432,369,009	(140,599,675)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	572,968,684	432,369,009	(140,599,675)

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			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. Pension Asset	444,576,646	310,880,808	(133,695,838)
2302. Post Retirement Asset	52,501,541	59,842,182	7,340,641
2303. Prepaid Expenses	35,845,734	29,640,227	(6,205,507)
2398. Summary of remaining write-ins for Line 23 from overflow page	10,647,102	12,769,576	2,122,474
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	543,571,023	413,132,793	(130,438,230)

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The annual statement of Factory Mutual Insurance Company ("Company") has been completed in accordance with the NAIC Accounting Practices and Procedures manual and the state laws of Rhode Island.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned Premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct, assumed and ceded business. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the constant interest rate method. Loaned back bonds and structured securities at amortized cost using the constant interest rate method, not including anticipated prepayment at the date of purchases.
3. Common Stocks, except investments of stocks of subsidiaries, are stated at market.
4. The Company has no preferred stock.
5. Mortgage loans other than first liens are stated at the aggregate unpaid balance.
6. Loaned back securities are valued using an effective yield based on current prepayment assumptions. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.
7. Insurance subsidiaries are stated at statutory equity value. Non-insurance subsidiaries are also stated at statutory equity value. Investments in stocks of unconsolidated subsidiaries and affiliates in which the company has an interest of 20% or more are carried using the equity method of accounting.
8. Investments in joint ventures, partnerships and limited liability corporations are stated at the underlying audited GAAP equity value.
9. The Company has no Derivatives.
10. The Company does not have premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including A & E reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred but not reported) loss estimates. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not materially modified its capitalization policy from the prior period.
13. The Company has no "pharmaceutical rebate receivables."

Note 2 – Accounting Changes and Correction of Errors

A. There were no material accounting changes or material correction of errors.

Note 3 – Business Combinations and Goodwill – Not applicable

Note 4 – Discontinued Operations - Not applicable

Note 5 – Investments

A. Mortgage Loans - Not applicable

B. Debt Restructuring - Not applicable

C. Reverse Mortgages - Not applicable

D. Loan-Backed Securities – Bonds not backed by other loans are valued at amortized cost using the constant interest rate method. Loan backed bonds and structured securities are valued at amortized costs using the constant interest rate method, not including anticipated prepayment at the date of purchase. Loan backed securities are valued using an effective yield based on current prepayment assumptions. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

E. Repurchase agreements - Not applicable

F. Real Estate - Not applicable

G. Investments in low -income housing tax credits - Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

A. Details for those greater than 10% of the admitted assets of the company - Not applicable

B. Impaired Investments - Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 7 – Investment Income

A. The Company does not admit investment income due and accrued if the amounts are over 90 days past due.

B. Amounts Non-admitted - Not applicable

Note 8 – Derivative Instruments – Not applicable

Note 9 – Income Taxes

A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs)

Description	December 31, 2007	January 1, 2007
Gross deferred tax assets	$ 291,364,000	$ 257,163,000
Gross deferred tax liabilities	640,222,000	613,272,000
Net deferred tax assets	(348,858,000)	(356,109,000)
Non-admitted deferred tax assets	-	-
Admitted deferred tax assets/(liabilities)	$ (348,858,000)	$ (356,109,000)
Increase (decrease) in non-admitted deferred tax assets	$ -	$ -

B. Unrecognized DTLs

The Company has not recognized a deferred tax liability for the undistributed earnings, of its 100 percent owned foreign subsidiaries that arose in 2005 and prior years because the Company does not expect these un-remitted earnings to reverse and become taxable to the Company in the foreseeable future and the calculation of the tax is not practicable. A deferred tax liability will be recognized when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investment. As of December 31, 2006, the undistributed earnings of these subsidiaries were approximately $50,200,000.

C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

Description	2007	2006
Federal	$ 225,027,999	$ 189,275,230
Foreign	33,933,250	53,047,930
Realized Capital Gains Tax	115,426,000	53,452,000
Federal and Foreign income taxes incurred	$ 374,387,249	$ 295,775,160

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

	December 31, 2007	January 1, 2007	Change
Deferred Tax Assets			
Unpaid losses and LAE	$ 26,776,000	$ 29,841,000	$ (3,065,000)
Unearned Premiums	88,055,000	84,313,000	3,742,000
Non-admitted assets	26,262,000	21,244,000	5,018,000
Benefit plan expense	54,938,000	41,198,000	13,740,000
Unrealized investment losses	63,025,000	58,005,000	5,020,000
Other	32,308,000	22,562,000	9,746,000
Total deferred tax assets	291,364,000	266,135,000	34,201,000
Non-admitted deferred tax assets		-	-
Admitted deferred tax assets	$ 291,364,000	$ 257,163,000	$ 34,201,000
Deferred Tax Liabilities			
Unrealized appreciation	573,301,000	566,204,000	7,097,000
Other	66,921,000	47,068,000	19,853,000
Total deferred tax liabilities	640,222,000	613,272,000	26,950,000
Net admitted deferred tax assets/(liabilities)	$ (348,858,000)	$ (356,109,000)	$ 7,251,000

D. Reconciliation of Federal Income Tax Rate to Effective Rate

The significant book-to-tax adjustments were as follows:

Description	Amount	Effective tax rate
Provision at statutory rate	$ 423,577,000	35.0%
Effect of foreign operations	(2,972,000)	(0.3)%
Tax-exempt interest	(11,685,000)	(1.0)%
Dividends received deduction net of pro-ration	(11,030,000)	(.8)%
Change in non-admitted assets	(49,874,000)	(4.1)%
Foreign exchange loss	11,544,000	1.0%
Other	479,249	-
Totals	$ 360,039,249	29.8%
Federal and foreign income taxes incurred	$ 258,961,249	21.4%
Realized Capitals Gains Tax	115,426,000	9.6%
Change in net deferred income taxes	(14,348,000)	(1.2)%
Total statutory income taxes	$ 360,039,249	29.8%

E. Operating Loss and Tax Credit Carry forwards

1. The amount of Federal income taxes incurred and available to be recouped in the event of future net losses is: current year $ 399,050,000; first preceding year $ 280,996,000.

The amount of net losses carried forward and available to offset future income subject to Federal income tax is: current year $ 0; first preceding year $ 0; second preceding year $ 0; third preceding year $ 0; fourth preceding year $ 0; fifth preceding year $ 0; sixth preceding year $ 0.

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (con't)

F. Consolidated Federal Income Tax Return

1. The Company's Federal Income Tax return is consolidated with the following entities:

Factory Mutual Insurance Company	FMIC Real Estate Holdings, Inc.
Affiliated FM Insurance Company	FM Real Estate Building Trust
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Watch Hill Insurance Company
FMIC Holdings, Inc.	TSB Loss Control Consultants, Inc.
Factory Mutual Engineering Corporation	

2. The method of allocation between the companies is subject to written agreement. Allocation is based upon separate company tax return calculations.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships:

The Company is not directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership or individual.

B. Detail of Transactions Greater that ½% of Admitted Asset

The Company lists its transactions with affiliates on Schedule Y, Part 2. During 2007 Factory Mutual Insurance Company (NAIC #21482) contributed capital to FM Insurance Company Limited in the amount of $402,552,207 and to FMIC Holdings in the amount of $110,634,977. The capital contributions were effectuated to more closely align subsidiary capital structures with current and future operating business requirements. There were no other non-insurance transactions between the Company and any affiliates, which exceeded one-half of 1% of admitted assets.

C. Change in terms of inter-company arrangements - Not applicable

D. Amounts Due to or from Related Parties:

Amounts shown on Page 2, Line 21 and/or Page 3, Line 19 include balances owed to and from affiliates relate to inter-company pooling arrangements (see footnote 25) and Inter-company Cash Management Agreements. In addition, there are balances to/due from an international insurance affiliate and various other non-insurance affiliates. See Schedule Y Parts 1 and 2 for listings of affiliates.

E. Guarantees or Contingencies for Related Parties:

Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FM Insurance Company Limited ("FMI"), has previously entered into a Performance Guarantee agreement with FMI. Specifically, Factory Mutual Insurance Company guarantees the full performance by FMI of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMI on or after January 1, 2004.

F. Management, Service Contracts, Cost Sharing Agreements:

The Company provides certain accounting management and other services to its affiliates. Management fees are charged to affiliates for services rendered.

G. Nature of Relationships that could affect operations - Not applicable

H. Amounts deducted for Investment in Upstream Company

The Company does not own shares, directly or indirectly, of an upstream intermediate or parent.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets - Not applicable

J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies - Not applicable

K. Interest rates and mortality assumptions used in connection with calculating the investment in a foreign subsidiary by adjusting annuity GAAP account value reserves using CARVM and the related Actuarial Guidelines – Not applicable.

L. This reporting entity utilizes the look-through approach for the valuation of a downstream non-insurance holding company instead of obtaining audited financial statements of the downstream non-insurance holding company, and therefore makes the following disclosures:

1. The name of the downstream non-insurance holding company is FMIC Holdings, Inc.

2. The carrying value of the downstream non-insurance company is $873,483,764.

3. The financial statements of the downstream non-insurance company are not audited;

4. The reporting entity has limited the value of its investment in the downstream non-insurance holding company to the value contained in the financial statements of SCA entities and/or non-SCA SSAP No. 48 entities owned by the downstream non-insurance holding company and valued in accordance with paragraphs 17 through 20 that will be audited.

5. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the reporting entity's determination of the carrying value of the investment in the downstream non-insurance holding company, if not already recorded in the financial statements of the downstream non-insurance holding company.

Note 11 – Debt

A. Capital Notes – Not applicable

B. All other Debt – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 12 – Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

A. Defined Benefit Plan

The Company sponsors a noncontributory retirement income plan covering substantially all employees. The benefits are generally based on years of service and the average of the highest consecutive 60 months of the employee's compensation within the 120 months prior to retirement. Generally, the Company's funding policy is to maintain a sufficient funded level to ensure benefit security and to vary contribution levels as appropriate to business conditions. However, the contribution for any year will not be less than the minimum required contribution, nor greater than the maximum deductible contribution. The Company also has a Supplemental Retirement Plan that is a noncontributory defined benefit plan covering certain employees.

		2007 Pension Benefits	2007 Other Benefits	2006 Pension Benefits	2006 Other Benefits
1.	Change in benefit obligation				
a.	Benefit obligation at B O Y	$ 1,037,494,000	$ 131,790,000	$ 974,159,000	$ 147,807,000
b.	Service cost	28,872,000	1,703,000	26,621,000	2,997,000
c.	Interest cost	60,270,000	7,354,000	54,060,000	7,946,000
d.	Contributions by Plan Participants	-	-	-	-
e.	Actuarial (gain) loss	1,528,000	(5,772,000)	20,175,000	(15,615,000)
f.	Foreign currency exchange rate changes	-	-	-	-
g.	Benefits paid	(39,443,000)	(11,006,000)	(37,521,000)	(11,345,000)
h.	Plan amendments	-	-	-	-
i.	Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	-	-
j.	Benefit obligation at E O Y	$ 1,088,721,000	$ 124,069,000	$ 1,037,494,000	$ 131,790,000
2.	Change in plan assets				
a.	Fair value of plan assets at B O Y	$ 914,873,000	$ 149,885,000	$ 804,769,000	$ 138,657,000
b.	Actual return on plan assets	138,839,000	20,524,000	78,647,000	11,228,000
c.	Foreign currency exchange rate changes	-	-	-	-
d.	Employer contribution	180,104,000	(5,000,000)	68,978,000	-
e.	Plan participants' contributions	-	-	-	-
f.	Benefits paid	(39,443,000)	-	(37,521,000)	-
g.	Business combinations, divestitures, settlements	-	-	-	-
h.	Fair value at E O Y	$ 1,194,373,000	$ 165,409,000	$ 914,873,000	$ 149,885,000
3.	Funded Status				
a.	Unamortized prior service cost	$ -	$ (520,000)	$ -	$ (607,000)
b.	Unrecognized net (gain) loss	302,268,000	6,918,000	398,376,000	26,438,000
c.	Remaining net obligation of (net asset) at initial date of application	-	20,984,000	-	22,733,000
d.	Fourth quarter contribution	537,000	(12,279,000)	495,000	(2,164,000)
e.	Prepaid assets or (accrued liabilities)	408,458,000	56,443,000	276,251,000	64,495,000
f.	Intangible asset	-	-	-	-
4.	Accumulated Benefit obligation for vested employees	$ 925,357,000	N/A	$ 876,589,000	N/A
5.	Benefit obligation for non-vested employees				
a.	Projected Benefit Obligation	$ 20,021,000	$ 14,740,000	$ 21,476,000	$ 14,258,000
b.	Accumulated Benefit Obligation	$ 17,040,000	N/A	$ 18,259,000	N/A
6.	Components of net periodic benefit cost				
a.	Service cost	$ 28,872,000	$ 1,703,000	$ 26,621,000	$ 2,997,000
b.	Interest cost	60,270,000	7,354,000	54,060,000	7,946,000
c.	Expected return on plan assets	(66,820,000)	(8,358,000)	(59,929,000)	(8,319,000)
d.	Amortization of unrecognized transition obligation or transition asset	-	1,749,000	-	1,749,000
e.	Amount of recognized (gains) and losses	25,617,000	1,582,000	23,988,000	2,635,000
f.	Amount of prior service cost recognized	-	(87,000)	-	(87,000)
g.	Amount of (gain) or loss recognized due to a settlement or curtailment	-	-	-	-
h.	Total net periodic benefit cost (income)	$ 47,939,000	$ 3,943,000	$ 44,740,000	$ 6,921,000
7.	Additional minimum liability				
a.	Additional minimum liability	$ 5,161,000	$ -	$ 6,281,000	$ -
b.	Intangible asset	-	-	-	-
c.	Accumulated other comprehensive income The $870 change, arising from the change in the additional minimum pension liability recognized, is included in unassigned funds.	$ 5,161,000	$ -	$ 6,281,000	$ -
8.	Weighted average assumptions used to determine net periodic benefit cost as of September 30				
a.	Discount rate	5.75%	5.75%	6.125%	6.125%
b.	Rate of compensation increase	4.00%	4.00%	4.50%	4.50%
c.	Expected long-term rate of return on plan asset	7.75%	6.00%	8.00%	6.00%
	Weighted average assumptions used to determine projected benefit obligations as of September 30				
d.	Discount rate	5.75%	5.75%	5.50%	5.50%
e.	Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
	Annual rate of increase in the per capita cost of covered health care benefits as of September 30				
f.	Healthcare cost trend assumed for next year	N/A	9.00%	N/A	10.00%
g.	Ultimate Trend Rate	N/A	5.00%	N/A	5.00%
h.	Years to reach Ultimate Trend Rate	N/A	6	N/A	5

NOTES TO FINANCIAL STATEMENTS

Note 12 – Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans (con't)

9. The company uses a September 30 measurement date for the majority of its plans.

10. The Company provides certain health care and life insurance benefits for substantially all retired employees and their dependents. Employees not eligible for benefits under pre-merger plan provisions, under age 30 as of January 1, 2000, or hired after January 1, 2000, are ineligible for benefits. Other employees may become eligible if they meet certain age and service requirements. The plan is contributory, with retiree contributions adjusted annually, and contains other cost-saving features such as deductibles and coinsurance.

11. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Point Increase	1% Point Decrease
a. Effect on total of service and interest cost components	553,000	(480,000)
b. Effect of postretirement benefit obligation	8,519,000	(7,518,000)

12. Information about plan assets:

    a. The defined benefit pension plan asset allocation, as of the measurement date, September 30, and the target asset allocation, presented as a percentage of total plan assets, were as follows:

	Percentage of Plan Assets at September 30		
Asset Category	**2007**	**2006**	**Target Allocation**
Equity Securities	66%	70%	69%
Debt Securities	18%	22%	23%
Real Estate	0%	0%	0%
Cash	13%	7%	5%
Other	3%	1%	3%
Total	100%	100%	100%

The other post retirement benefit plans asset allocation, as of the measurement date, September 30, and the target asset allocation, presented as a percentage of total plan assets, were as follows:

	Percentage of Plan Assets at September 30		
Asset Category	**2007**	**2006**	**Target Allocation**
Equity Securities	83%	81%	91%
Debt Securities	1%	1%	1%
Real Estate	0%	0%	0%
Cash	15%	18%	8%
Other	0%	0%	0%
Total	100%	100%	100%

    b. Investment policy goals are to maximize surplus, minimize pension expense and maximize portfolio returns with acceptable return volatility. The invested assets will be managed on a long-term total return basis and measured against established benchmarks for each asset class. As equities are expected to continue to provide the highest returns of the major asset classes, exposure to equities will be emphasized. Risk management is achieved by limiting the size of asset classes and individual security positions to achieve adequate diversification. Derivatives are not used in internally managed portfolios, but are used in varying degrees in the externally managed portfolios. The Plans will maintain a funded level sufficient to ensure benefit security.

    c. Expected rate of return assumptions are created based on assessments of future behavior of asset classes. As part of the process, historical relationships are considered. Using a three-to-five year outlook, estimates of productivity, inflation and labor force have been combined to gauge economic growth potential. Corporate profit growth is positively correlated with economic growth and equity returns are driven by profits. Debt security returns should continue their historical relationship with equities and produce somewhat lower returns with a lower level of risk.

13. The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

		Other Benefits	
Year(s)	**Pension Benefits**	**Gross Benefits (before subsidy)**	**Expected Federal Subsidy**
2008	39,060,000	12,768,000	1,349,000
2009	41,497,000	13,089,000	1,460,000
2010	44,461,000	13,603,000	1,551,000
2011	48,093,000	13,849,000	1,651,000
2012	52,204,000	13,838,000	1,776,000
2013-2017	322,528,000	67,036,000	10,388,000

14. The Company currently intends to make voluntary contributions to the defined benefit pension plan of $14.2 million in 2008. The Company currently does not intend to make voluntary contributions to other postretirement benefit plans in 2008.

B. Defined Contribution Plans –

The Company also sponsors a savings plan whereby eligible employees may elect annually to contribute from 1% to 19% of their base pay on a pretax or after-tax basis. Pretax contributions per employee were limited to $15,500 in 2007 and $15,000 in 2006. The Company matches pretax contributions up to 6% of the employee's base pay. Company contributions to the Plan were $10,836,000 in 2007 and $10,320,000 in 2006.

C. Multiemployer Plans - Not applicable

D. Consolidated/Holding Company Plans - See Note 12A.

E. Post-employment benefits and compensated absences – Not applicable

F. Impact of Medicare Modernization Act on Postretirement Benefits - Refer to Item A - 13 above

Note 13 – Capital and Surplus, Shareholders' Dividend Restriction and Quasi-Reorganizations

1. Outstanding Shares - Not applicable

2. Dividend Rate of Preferred Stock – Not applicable

3. 4. & 5. Dividend Restrictions, Amount of Ordinary Dividends that may be paid, & Restrictions on Unassigned Funds – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 13 – Capital and Surplus, Shareholders' Dividend Restriction and Quasi-Reorganizations (con't)

6. Advances to surplus not repaid - Not applicable

7. & 8. Changes in Special Surplus Funds and company stock held for special purposes – Not applicable

9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is $1,635,232,000. This unrealized gain is not net of the applicable deferred tax liability of $573,301,000.

10. Surplus Notes - Not applicable

11. & 12. Quasi-Reorganizations - Not applicable

13. Dividends Paid - Not applicable

Note 14 – Contingencies

A. Contingent Commitments – Not applicable

B. Guaranty Fund and Other Assessments – Not applicable

C. Gain Contingencies – Not applicable

D. Extra Contractual Obligations and Bad Faith Losses - Not applicable

E. All other Contingencies
Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

Note 15 – Leases

There is a sale and leaseback agreement with respect to the Company's U.S. corporate office building in Johnston, Rhode Island that the Company originally entered into in 1984 (and amended in 1988) with a group of unrelated investors. During 2007 the group of unrelated investors sold their interest to a publicly traded real estate investment trust (REIT). This building was originally leased for a period of 25 years, with renewal provisions for six five-year periods.

The lease is classified as an operating lease. The Company pays all costs related to the maintenance of the building. The agreement provides that the Company can purchase the property at the end of the lease term and at then end of the second, fourth and sixth renewal terms at fair value, plus closing costs. During 2007 the Company decided not to purchase the property or renew the lease at the end of the next renewal term in 2009, but rather to build a new U.S. corporate office building.

The lease payments fluctuate over the term of the lease. The payments are larger later in the term. Rent expense is recognized on a pro-rata basis, adjusted for inflation for financial statement purposes. $6,199,880 was paid and expensed as rent in 2007. Future minimum rent payments to be paid from 2008 to 2009 total $20,461,889.

Regional field offices are leased for periods extending more than one year, and are classified as operating leases. Rent expense for regional field offices was $37,880,094 in 2007. Future minimum rent payments for regional field offices total $44,774,406.

The Company also leases one computer server in Johnston, and the software and operating system for an IBM mainframe computer in Johnston. These leases are more than one year in duration, and are classified as operating leases. Rent expense for computer equipment was $1,799,403 in 2007. Future minimum rent payments for computer equipment totals $1,206,725.

The Company also leases autos, generally for three year terms, and are classified as operating leases. Rent expense for autos was $6,661,759 in 2007. Future minimum rent payments for autos total $13,203,173.

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

A. Financial Instruments with off-balance sheet risk – Not applicable

B. Financial Instruments with concentrations of credit risk – Not applicable

Note 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

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of $104,162,000 and $75,402,000 at December 31, 2007 and December 31, 2006, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102 percent of the fair value of the securities, plus interest. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company.

C. Wash Sales – Not applicable

Note 18 – Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans - Not applicable

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

As understood by the definition of "Managing General Agent" contained in Appendix A-225 of the NAIC Accounting Practices and Procedures Manual, Factory Mutual Insurance Company has no managing general agents.

Note 20 – Other Items

A. Extraordinary items – Not applicable

B. Troubled Debt Restructuring for Debtors – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 20 – Other Items (con't)

C. Other Disclosures

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in foreign exchange adjustment" line on page 4, line 24. This has the effect of converting total surplus to U.S. Dollars.

D. Uncollectible Premiums Receivable – Not applicable

E. Business Interruption Insurance Recoveries – Not applicable

F. State Transferable Tax Credits - Not applicable

G. Admitted Deposits under Internal Revenue Code Section 6603 - Not applicable

H. Hybrid Securities - Not applicable

I. Subprime Mortgage Related Risk Exposure - Not applicable

Note 21 – Events Subsequent

There were no events occurring subsequent to December 31, 2007 meriting disclosure.

Note 22 – Reinsurance

A. Unsecured Reinsurance Recoverable –

NAIC CODE	FEDERAL ID	COMPANY	UNSECURED AMOUNT
00000	AA-9995032	Mutual Marine Office	$ 173,622,000

B. Reinsurance Recoverable in Dispute – Not applicable

C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Reserve Premium (1)	Equity Commission (2)	Reserve Premium (3)	Equity Commission (4)	Reserve Premium (5)	Equity Commission (6)
I. Affiliates	$ 14,551,292	$ 4,729,170	$ 4,703,643	$ 1,528,684	$ 9,847,649	$ 3,200,486
II. All Other	$ 85,858,436	$ 14,922,121	$ 276,689,284	$ 54,057,815	$(190,830,848)	$ (39,135,694)
III. TOTAL	$ 100,409,728	$ 19,651,291	$ 281,392,927	$ 55,586,499	$(180,983,199)	$ (35,935,208)
IV. Direct Unearned Premium Reserve $ 1,246,422,466						

Description	REINSURANCE			
	Direct	Assumed	Ceded	Net
	(1)	(2)	(3)	(4)
(i) Contingent Commission	-	-	-	-
(ii) Sliding Scale Adjustment	-	-	-	-
(iii) Other Profit Commission Arrangements	-	-	-	-
(iv) TOTAL	-	-	-	-

D. Uncollectible Reinsurance

The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: $ 1,866,576 which is reflected as:

Statement of Income Account	Amount
Losses Incurred	$ 1,866,576
Loss adjustment expenses incurred	-
Premiums Earned	-
Other	-
Total	$ 1,866,576

Reinsurer	Amount
Agency Managers Inc.	$ 1,866,594
Reliance National Insurance Company	(18)
Total	$ 1,866,576

NOTES TO FINANCIAL STATEMENTS

Note 22 - Reinsurance (con't)

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts which are reflected as:

Statement of Income Account	Amount
Losses Incurred	$ 5,399,802
Loss adjustment expenses incurred	-
Premiums earned	-
Other	-
Total	$ 5,399,802

Company	Amount
Caisse Mut D Assur Et De Prevoyance	$ 20,384
Insco, Ltd	195,573
Kyoei Fire & Marine Ins	826,996
New England Reinsurance Corporation	3,980,429
Secom General Insurance Co, Ltd	248
Unionamerica Insurance Company	376,172
Total	$ 5,399,802

F. Retroactive Reinsurance – Not applicable

G. Reinsurance Accounted for as a Deposit - Not applicable

Note 23 – Retrospectively Rated Contracts and Contracts Subject to Re-determination – Not applicable

Note 24 – Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by $71,166,000 due to reallocating prior year reserves to the current year principally on the Fire and Allied lines of insurance.

No additional premiums or return of premiums have been accrued as a result of prior-year effects.

Note 25 – Inter-company Pooling Arrangements

Factory Mutual Insurance Company, NAIC Code 21482, Affiliated FM Insurance Company, NAIC Code 10014, and Appalachian Insurance Company, NAIC Code 10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement (the agreement). The agreement became effective January 1, 1982.

All business written by each of the pool participants is subject to pooling. Also, reinsurance may be ceded on a facultative and/or treaty basis by any pool participant prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants. Each pool participant establishes its respective provision for reinsurance Schedule F - Part 7 and the write-off of uncollectible reinsurance for its own facultative and treaty cessions. Uncollectible reinsurance has been furnished to insurance departments of those states where the company is licensed.

The parties agreed to pool net premiums earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. The current pooling percentages, amended as of January 1, 2005, are 86% Factory Mutual Insurance Company, 12% Affiliated FM Insurance Company, and 2% Appalachian Insurance Company.

The percentages represent the policyholder's surplus of each company to the combined policyholder's surplus for the three companies.

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

The pooling results are reported in reinsurance lines 30-32 on the Underwriting and Investment Exhibit pages 6 – 10 and on Schedule P.

The Combined Annual Statement eliminates the results of all inter-company activity.

Note 26 – Structured Settlements – Not applicable

Note 27 - Health Care Receivables - Not applicable

Note 28 - Participating Policies - Not applicable

Note 29 - Premium Deficiency Reserves - Not applicable

Note 30 – High Deductibles – Not applicable

Note 31 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjusting Expenses – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 32 – Asbestos and Environmental Reserves

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and subject to considerable certainty, due to the potential severity of the claims and the uncertain legal climate.

Direct - Asbestos	2003	2004	2005	2006	2007
Beginning reserves:	$ 71,712,000	$ 89,483,000	$ 155,183,000	$ 136,052,000	$ 92,554,000
Incurred losses & loss adjustment expense:	23,525,000	69,205,000	4,579,000	-	15,132,000
Calendar year payments for losses & loss adjustment expense:	5,754,000	3,505,000	23,710,000	43,498,000	32,499,000
Ending Reserves:	$ 89,483,000	$ 155,183,000	$ 136,052,000	$ 92,554,000	$ 75,187,000

Assumed Reinsurance - Asbestos	2003	2004	2005	2006	2007
Beginning reserves:	$ 373,223,000	$ 327,438,000	$ 352,760,000	$ 324,468,000	$ 415,304,000
Incurred losses & loss adjustment expense:	(15,317,000)	59,687,000	949,000	133,782,000	(2,231,000)
Calendar year payments for losses & loss adjustment expense:	30,468,000	34,365,000	29,241,000	42,946,000	63,199,000
Ending Reserves:	$ 327,438,000	$ 352,760,000	$ 324,468,000	$ 415,304,000	$ 349,874,000

Net of Ceded Reinsurance – Asbestos	2003	2004	2005	2006	2007
Beginning reserves:	$ 244,020,000	$ 209,903,000	$ 234,182,000	$ 221,837,000	$ 310,754,000
Incurred losses & loss adjustment expense:	(21,820,000)	43,222,000	-	105,395,000	5,564,000
Calendar year payments for losses & loss adjustment expense:	12,297,000	18,943,000	12,345,000	16,478,000	24,964,000
Ending Reserves:	$ 209,903,000	$ 234,182,000	$ 221,837,000	$ 310,754,000	$ 291,354,000

Direct - Environmental	2003	2004	2005	2006	2007
Beginning reserves:	$ 35,321,000	$ 41,338,000	$ 84,485,000	$ 75,061,000	$ 53,636,000
Incurred losses & loss adjustment expense:	8,850,000	44,873,000	2,255,000	-	10,109,000
Calendar year payments for losses & loss adjustment expense:	2,833,000	1,726,000	11,679,000	21,425,000	16,007,000
Ending Reserves:	$ 41,338,000	$ 84,485,000	$ 75,061,000	$ 53,636,000	$ 47,738,000

Assumed Reinsurance - Environmental	2003	2004	2005	2006	2007
Beginning reserves:	$ 182,601,000	$ 126,152,000	$ 119,740,000	$ 111,944,000	$ 165,579,000
Incurred losses & loss adjustment expense:	(45,103,000)	4,021,000	465,000	62,330,000	(3,710,000)
Calendar year payments for losses & loss adjustment expense:	11,346,000	10,433,000	8,261,000	8,695,000	7,769,000
Ending Reserves:	$ 126,152,000	$ 119,740,000	$ 111,944,000	$ 165,579,000	$ 154,100,000

Net of Ceded Reinsurance - Environmental	2003	2004	2005	2006	2007
Beginning reserves:	$ 131,283,000	$ 98,686,000	$ 108,549,000	$ 104,778,000	$ 152,634,000
Incurred losses & loss adjustment expense:	(20,807,000)	16,957,000	-	52,331,000	794,000
Calendar year payments for losses & loss adjustment expense:	11,790,000	7,094,000	3,771,000	4,475,000	6,757,000
Ending Reserves:	$ 98,686,000	$ 108,549,000	$ 104,778,000	$ 152,634,000	$ 146,671,000

Included in reserves above, the Company holds IBNR and/or bulk reserves. It held such reserves in the amount of $12,792,000 (Asbestos) and $16,210,000 (Environmental) on a direct basis, $193,218,000 (Asbestos) and $107,008,000 (Environmental) on an assumed basis and $177,511,000 (Asbestos) and $101,943,000 (Environmental) on a net basis at December 31, 2007.

Included in the reserves above, the Company holds future allocated loss adjustment expense reserves. It held such reserves in $1,067,000 (Asbestos) and $1,321,000 (Environmental) on a direct basis, $39,827,000 (Asbestos) and $10,823,000 (Environmental) on an assumed basis and $32,558,000 (Asbestos) and $9,488,000 (Environmental) on a net basis at December 31, 2007.

Note 33 – Subscriber Savings Accounts – Not Applicable

Note 34 – Multiple Peril Crop Insurance – Not Applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	68,942,567	0.8	68,942,567	0.8
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	101,022,004	1.1	101,022,004	1.1
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	26,689,817	0.3	26,689,817	0.3
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations	51,012	0.0	51,012	0.0
1.43 Revenue and assessment obligations	909,848,971	9.9	909,848,971	9.9
1.44 Industrial development and similar obligations		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	5,492,044	0.1	5,492,044	0.1
1.512 Issued or guaranteed by FNMA and FHLMC	630,603,945	6.9	630,603,945	6.9
1.513 All other	139,129,037	1.5	139,129,037	1.5
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.0		0.0
1.523 All other		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	381,219,137	4.2	381,219,137	4.2
2.2 Unaffiliated foreign securities	283,927,218	3.1	283,927,218	3.1
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds	597,414,248	6.5	597,414,248	6.5
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated	3,981,263,785	43.4	3,981,263,785	43.4
3.4 Other equity securities:				
3.41 Affiliated	1,711,212,922	18.6	1,711,212,922	18.6
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans	578	0.0	578	0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company	2,538,253	0.0	2,538,253	0.0
5.2 Property held for production of income (including $.....0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale (including $.....0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities	1,250,750	0.0	1,250,750	0.0
8. Cash, cash equivalents and short-term investments	90,852,574	1.0	90,852,574	1.0
9. Other invested assets	248,120,516	2.7	248,120,516	2.7
10. Total invested assets	9,179,579,378	100.0	9,179,579,378	100.0

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? Rhode Island

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. 12/31/2004

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). 04/28/2006

3.4 By what department or departments? Rhode Island Division of Insurance

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 a 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. .....%

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 location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116-5072

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?
John Dawson, Senior Consulting Actuary, Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116-5072

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [X] No [ ]

11.11 Name of real estate holding company GE Investment Partners IV

11.12 Number of parcels involved 1

11.13 Total book/adjusted carrying value $.....145,510

11.2 If yes, provide explanation.
The company holds this partnership investment on Schedule BA.

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 [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 .....
19.22 Borrowed from others .....
19.23 Leased from others .....
19.24 Other .....

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

20.2 If answer is yes:
20.21 Amount paid as losses or risk adjustment .....
20.22 Amount paid as expenses .....
20.23 Other amounts paid .....

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

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

INVESTMENT

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

22.2 If no, give full and complete information relating thereto.
JP Morgan Worldwide Securities Services and RBC (Toronto) hold custody of the securities.

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 contact that is currently in force? (Exclude securities subject to Interrogatory 19.1) Yes [X] No [ ]

23.2 If yes, state the amount thereof at December 31 of the current year:
23.21 Loaned to others $.....104,162,449
23.22 Subject to repurchase agreements $.....0
23.23 Subject to reverse repurchase agreements $.....0
23.24 Subject to dollar repurchase agreements $.....0
23.25 Subject to reverse dollar repurchase agreements $.....0
23.26 Pledged as collateral $.....0
23.27 Placed under option agreements $.....0
23.28 Letter stock or securities restricted as to sale $.....0
23.29 On deposit with state or other regulatory body $.....5,628,937
23.291 Other $.....0

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]
If no, attach a description with this statement.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

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

26. Excluding items in Schedule E, 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, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] 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
JP Morgan Worldwide Securities Services	1 Chase Manhatten Plaza New York, NY
RBC	200 Bay Street Toronto, Ontario

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)

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

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

1 Central Registration Depository Number(s)	2 Name	3 Address
JP Morgan Worldwide Securities Serv	Provident Investment Counsel	Pasadena, CA
JP Morgan Worldwide Securities Serv	Sanford C. Bernstein & Co., LLP	White Plains, NY
JP Morgan Worldwide Securities Serv	Standish Mellon	Boston, MA
JP Morgan Worldwide Securities Serv	CSFB	New York, NY
JP Morgan Worldwide Securities Serv	Morgan Stanley	Philadelphia, PA
JP Morgan Worldwide Securities Serv	Goldman Sachs	New York, NY
RBC	Jones Heward Investment Counsel	Toronto, ON

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 [X] No [ ]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
084811 11 6	ALLIANCE/BERNSTEIN INT'L VALUE	95,935,828
464287 23 4	ISHARES MSCI EMERGING MARKETS	29,308,500
58552D 72 1	MELLON-NEWTON INTL EQUITY	31,550,000
61744J 30 9	MORGAN STANLEY SMALL CO GROWTH	42,746,275
61744J 40 8	MORGAN STANLEY INT'L EQUITY	49,715,956
61744J 82 0	MORGAN STANLEY INSTL FD	32,836,367
61744J 83 8	MORGAN STANLEY INT'L SMALL CAP	44,450,800
626127 66 6	MUNDER INT'L SMALL CAP	125,588,400
626127 71 6	MUNDER INT'L CAP EQUITY	87,099,722
78464A 87 0	SPDR S&P BIOTECH ETF	2,968,000
922042 85 8	VANGUARED EMERGING MARKET ETF	4,172,000
922042 86 6	VANGUARD PACIFIC ETF	27,100,000
922042 87 4	VANGUARD EUROPEAN ETF	23,942,400
27.2999. TOTAL		597,414,248

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
MORGAN STANLEY SMALL CO GROWTH	BLUE NILE INC	2,349,335	12/31/2007
MORGAN STANLEY SMALL CO GROWTH	MORGAN STANLEY INSTITUTIIONAL	2,034,295	12/31/2007
MORGAN STANLEY SMALL CO GROWTH	MORNINGSTAR INC	1,751,742	12/31/2007
MORGAN STANLEY SMALL CO GROWTH	STRAYER EDUCATIION INC	1,704,294	12/31/2007
MORGAN STANLEY SMALL CO GROWTH	TECHNE CORP	1,375,148	12/31/2007
MORGAN STANLEY INT'L EQUITY	BRITISH AMERICAN TOBACCO	1,809,661	12/31/2007
MORGAN STANLEY INT'L EQUITY	CADBURY SCHWEPPES PLC	1,700,783	12/31/2007
MORGAN STANLEY INT'L EQUITY	NESTLE SA	1,687,857	12/31/2007
MORGAN STANLEY INT'L EQUITY	IMPERIAL TOBACCO GROUP	1,640,129	12/31/2007
MORGAN STANLEY INT'L EQUITY	HOLCIM LTD	1,627,203	12/31/2007
MORGAN STANLEY INSTL FD	CIA VALE DO RIO DOCE	1,427,397	12/31/2007
MORGAN STANLEY INSTL FD	CHINA MOBILE LTD	868,522	12/31/2007
MORGAN STANLEY INSTL FD	AMERICA MOVIL SA DE CV	805,148	12/31/2007
MORGAN STANLEY INSTL FD	MTN GROUP LTD	660,996	12/31/2007
MORGAN STANLEY INSTL FD	GAZPROM OAO	654,757	12/31/2007
MORGAN STALEY INT'L SMALL CAP	OMEGA PHARMACEUTICAL SA	1,831,373	12/31/2007
MORGAN STALEY INT'L SMALL CAP	ARIAKE JAPAN CO	1,179,724	12/31/2007
MORGAN STALEY INT'L SMALL CAP	SCHIBSTED ASA	1,143,275	12/31/2007
MORGAN STALEY INT'L SMALL CAP	PREMIER FOODS PLC	1,134,384	12/31/2007
MORGAN STALEY INT'L SMALL CAP	MTU AERO ENGINES HOLDINGS	969,027	12/31/2007
ALLIANCE/BERNSTEIN INT'L VALUE FUND	RENAULT SA	2,997,995	12/31/2007
ALLIANCE/BERNSTEIN INT'L VALUE FUND	ING GROEP NV	2,832,985	12/31/2007
ALLIANCE/BERNSTEIN INT'L VALUE FUND	E. ON AG	2,689,081	12/31/2007
ALLIANCE/BERNSTEIN INT'L VALUE FUND	ALLIANZ SE	2,648,788	12/31/2007
ALLIANCE/BERNSTEIN INT'L VALUE FUND	HBOS PLC	2,473,226	12/31/2007
ISHARES MSCI ENERGING MARKETS	GAZPROM OAO	1,196,959	12/31/2007
ISHARES MSCI ENERGING MARKETS	SAMSUNG ELECTRONICS CO	874,566	12/31/2007
ISHARES MSCI ENERGING MARKETS	POSCO	839,102	12/31/2007
ISHARES MSCI ENERGING MARKETS	CHINA MOBILE LTD	744,436	12/31/2007
ISHARES MSCI ENERGING MARKETS	PETROLEO BRASILEIRO SA	715,714	12/31/2007
MELLON-NEWTON INT'L EQUITY	STATOILHYDRO ASA	819,354	12/31/2007
MELLON-NEWTON INT'L EQUITY	NESTLE SA	791,905	12/31/2007
MELLON-NEWTON INT'L EQUITY	E. ON AG	737,008	12/31/2007
MELLON-NEWTON INT'L EQUITY	JARDINGE MATHESON HOLDINGS	720,287	12/31/2007
MELLON-NEWTON INT'L EQUITY	VODAFONE GROUP PLC	674,224	12/31/2007
VANGUARD EMERGING MARKET ETF	GAZPROM OAO	135,215	12/31/2007
VANGUARD EMERGING MARKET ETF	CHINA MOBILE LTD	122,532	12/31/2007
VANGUARD EMERGING MARKET ETF	AMERICA MOVIL SA DE CV	74,554	12/31/2007
VANGUARD EMERGING MARKET ETF	SAMSUNG ELECTRONICS	73,719	12/31/2007
VANGUARD EMERGING MARKET ETF	CIA VALE DO RIO DOCE	56,739	12/31/2007
VANGUARD PACIFIC ETF	TOYOTA MOTOR CORP	1,027,361	12/31/2007
VANGUARD PACIFIC ETF	BHP BILLITON LTD	852,837	12/31/2007
VANGUARD PACIFIC ETF	COMMONWEALTH BANK OF AMERICA	418,424	12/31/2007
VANGUARD PACIFIC ETF	TAKEDA PHAMACEUTICAL	382,110	12/31/2007
VANGUARD PACIFIC ETF	CANON INC	374,251	12/31/2007
VANGUARD EUROPEAN ETF	HSBC HOLDINGS PLC	544,211	12/31/2007
VANGUARD EUROPEAN ETF	BP PLC	530,324	12/31/2007
VANGUARD EUROPEAN ETF	VODAFONE GROUP PLC	455,145	12/31/2007
VANGUARD EUROPEAN ETF	NESTLE SA	452,033	12/31/2007
VANGUARD EUROPEAN ETF	TOTAL SA	439,822	12/31/2007
SPDR S&P BIOTECH ETF	BIOMARIN PHARMACEUTICAL	116,553	12/31/2007
SPDR S&P BIOTECH ETF	CELGENE CORP	112,636	12/31/2007
SPDR S&P BIOTECH ETF	PHARMION CORP	110,350	12/31/2007
SPDR S&P BIOTECH ETF	ALNYLAM PHARMACEUTICAL	110,232	12/31/2007
SPDR S&P BIOTECH ETF	GILEAD SCIENCES INC	109,430	12/31/2007
MUNDER INTN'L SMALL CAP	INCITEC PIVOT LTD	1,758,238	12/31/2007
MUNDER INTN'L SMALL CAP	UNION FENOSA SA	1,381,472	12/31/2007
MUNDER INTN'L SMALL CAP	CPN ASSURANCES	1,255,884	12/31/2007
MUNDER INTN'L SMALL CAP	MAN AG	1,255,884	12/31/2007
MUNDER INTN'L SMALL CAP	FUGRO NV	1,130,296	12/31/2007
MUNDER INT'L CORE EQUITY	NESTLES SA	1,829,094	12/31/2007
MUNDER INT'L CORE EQUITY	ROYAL DUTCH SHELL PLC	1,654,895	12/31/2007
MUNDER INT'L CORE EQUITY	E. ON AG	1,393,596	12/31/2007
MUNDER INT'L CORE EQUITY	BHP BILLITON LTD	1,393,596	12/31/2007
MUNDER INT'L CORE EQUITY	TELEFONICA SA	1,393,596	12/31/2007

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

MUNDER INT'L CORE EQUITY	TELEFONICA SA	1,393,596	12/31/2007

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	2,595,772,192	2,613,480,695	17,708,503
28.2 Preferred stocks			0
28.3 Totals	2,595,772,192	2,613,480,695	17,708,503

28.4 Describe the sources or methods utilized in determining the fair values:
The fair value prices are obtained from the NAIC/SVO

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]
29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....121,405
30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
American Association of Insurance	51,200

31.1 Amount of payments for legal expenses, if any? $.....3,422,497
31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....0
32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

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. .....
1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....
1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .....
1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....
1.6 Individual policies:
Most current three years:
1.61 Total premium earned .....
1.62 Total incurred claims .....
1.63 Number of covered lives .....
All years prior to most current three years:
1.64 Total premium earned .....
1.65 Total incurred claims .....
1.66 Number of covered lives .....
1.7 Group policies:
Most current three years:
1.71 Total premium earned .....
1.72 Total incurred claims .....
1.73 Number of covered lives .....
All years prior to most current three years:
1.74 Total premium earned .....
1.75 Total incurred claims .....
1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	$.....0	$.....0
2.2 Premium Denominator	$.....2,356,713,655	$.....2,338,679,589
2.3 Premium Ratio (2.1/2.2)	.....0.0	.....0.0
2.4 Reserve Numerator	$.....0	$.....0
2.5 Reserve Denominator	$.....3,144,909,992	$.....3,223,019,369
2.6 Reserve Ratio (2.4/2.5)	.....0.0	.....0.0

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

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]
4.2 Does the reporting entity issue non-assessable policies? Yes [X] No [ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $.....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 [X]
5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]
5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

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

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company does not issue workers' compensation contracts.

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 proprietary models that are developed to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.
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 property insurance loss?
In addition to controlling the Company's exposure by loss prevention engineering, deductibles, and limits of liability, we purchase risk and catastrophe reinsurance.
6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]
6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]
7.2 If yes, indicate the number of reinsurance contracts containing such provisions. .....
7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information:

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [X] No [ ]

11.2 If yes, give full information:

Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FM Insurance Company Limited ("FMI"), has previously entered into a Performance Guarantee agreement with FMI. Specifically, Factory Mutual Insurance Company guarantees the full performance by FMI of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMI on or after January 1, 2004.

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 $.....0
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $.....0

12.2 Of the amount on Line 13.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds: $.....0

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 [ ] N/A [X]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From .....%
12.42 To .....%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by 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 [ ] No [X]

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

12.61 Letters of credit .....
12.62 Collateral and other funds .....

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $.....164,002,000

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 this amount. 2

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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:

Based on an intercompany Excess of Loss Treaty. Maximum retention is based upon Largest Net Aggregate.

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 [X] No [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [ ]

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financial premium accounts? Yes [ ] No [X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [X] No [ ]

Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	$14,384,000
17.12 Unfunded portion of Interrogatory 17.11	$14,384,000
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	$14,384,000
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

FIVE-YEAR HISTORICAL DATA

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

		1 2007	2 2006	3 2005	4 2004	5 2003
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	5,874	113	3,845	(1,781)	19,597
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,579,478,670	2,670,453,867	2,406,912,148	2,164,785,886	2,552,129,409
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	508,528,006	505,071,860	488,237,466	446,215,311	494,488,075
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					(61,522)
5.	Non-proportional reinsurance lines (Lines 30, 31 & 32)	108,359,862	80,730,615	50,308,127	209,535,467	177,868,791
6.	Total (Line 34)	3,196,372,412	3,256,256,455	2,945,461,586	2,820,534,883	3,224,444,350
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	5,874	113	3,845	(1,781)	(10,479)
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,901,056,974	2,003,542,773	1,852,891,458	1,546,771,391	1,925,367,585
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	428,555,064	419,337,957	413,264,896	371,301,597	414,886,140
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					(574,345)
11.	Non-proportional reinsurance lines (Lines 30, 31 & 32)	54,365,345	26,732,448	(935,662)	163,136,508	177,868,495
12.	Total (Line 34)	2,383,983,257	2,449,613,291	2,265,224,537	2,081,207,715	2,517,537,396
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	706,720,157	573,160,611	509,322,879	559,708,666	785,305,136
14.	Net investment gain (loss) (Line 11)	389,360,525	261,326,897	203,351,639	187,830,496	135,631,247
15.	Total other income (Line 15)	(1,284,654)	(488,944)	972,407	(4,117,460)	5,268,676
16.	Dividends to policyholders (Line 17)					
17.	Federal and foreign income taxes incurred (Line 19)	258,961,249	242,323,160	187,854,041	241,942,233	292,805,571
18.	Net income (Line 20)	835,834,779	591,675,404	525,792,884	501,479,469	633,399,488
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	9,961,924,333	9,152,614,118	7,979,279,857	6,974,548,101	6,203,725,205
20.	Premiums and considerations (Page 2, Col. 3):					
	20.1 In course of collection (Line 13.1)	421,773,036	406,706,935	365,087,045	287,147,993	399,081,892
	20.2 Deferred and not yet due (Line 13.2)					
	20.3 Accrued retrospective premiums (Line 13.3)					
21.	Total liabilities excluding protected cell business (Page 3, Line 24)	4,191,416,676	4,135,909,170	3,775,060,680	3,441,757,376	3,370,430,566
22.	Losses (Page 3, Line 1)	1,703,308,204	1,818,077,200	1,790,391,323	1,551,475,519	1,421,520,973
23.	Loss adjustment expenses (Page 3, Line 3)	161,112,522	137,139,237	135,189,899	121,392,138	108,578,547
24.	Unearned premiums (Page 3, Line 9)	1,246,422,466	1,219,152,864	1,108,219,162	1,079,882,541	1,146,401,112
25.	Capital paid up (Page 3, Lines 28 & 29)					
26.	Surplus as regards policyholders (Page 3, Line 35)	5,770,507,657	5,016,704,948	4,204,219,177	3,532,790,725	2,833,294,640
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	434,319,125	598,082,488	622,003,549	611,809,872	707,909,457
	Risk-Based Capital Analysis					
28.	Total adjusted capital	5,770,507,657	5,016,704,948	4,204,219,177	3,532,790,725	2,833,294,640
29.	Authorized control level risk-based capital	808,649,672	662,176,877	591,553,266	517,250,967	480,710,086
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
	(Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30.	Bonds (Line 1)	27.7	26.9	27.5	28.5	33.6
31.	Stocks (Lines 2.1 & 2.2)	68.5	65.2	63.1	61.2	50.0
32.	Mortgage loans on real estate (Lines 3.1 & 3.2)	0.0				
33.	Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.1
34.	Cash, cash equivalents and short-term investments (Line 5)	1.0	5.9	8.1	8.7	14.1
35.	Contract loans (Line 6)					
36.	Other invested assets (Line 7)	2.7	1.8	1.3	1.3	1.0
37.	Receivable for securities (Line 8)	0.0	0.3	0.0	0.2	1.2
38.	Aggregate write-ins for invested assets (Line 9)					
39.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
40.	Affiliated bonds (Sch. D, Summary, Line 25, Col. 1)					
41.	Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42.	Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	1,711,212,922	1,194,521,747	1,052,672,101	916,519,874	574,500,000
43.	Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 7)					
44.	Affiliated mortgage loans on real estate					
45.	All other affiliated					
46.	Total of above lines 40 to 45	1,711,212,922	1,194,521,747	1,052,672,101	916,519,874	574,500,000
47.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	29.7	23.8	25.0	25.9	20.3

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2007	2 2006	3 2005	4 2004	5 2003
	Capital and Surplus Accounts (Page 4)					
48.	Net unrealized capital gains (losses) (Line 24)	11,279,459	228,965,050	168,421,735	188,029,041	366,821,463
49.	Dividends to stockholders (Line 35)					
50.	Change in surplus as regards policyholders for the year (Line 38)	753,802,708	812,485,771	671,428,452	699,496,085	900,264,779
	Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
51.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	34,288,277	64,853,718	12,797,770	5,304,749	17,480,292
52.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,113,346,757	1,215,897,777	846,619,504	840,219,782	1,121,031,167
53.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	240,842,419	223,341,390	211,610,599	157,087,034	154,585,307
54.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	51,206	375,649	(148,847)	1,277,519	806,963
55.	Nonproportional reinsurance lines (Lines 30, 31 & 32)	138,058,411	111,319,134	70,875,247	117,836,495	175,359,355
56.	Total (Line 34)	1,526,587,070	1,615,787,668	1,141,754,273	1,121,725,579	1,469,263,084
	Net Losses Paid (Page 9, Part 2, Col. 4)					
57.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,955,346	3,768,741	4,524,611	2,601,222	10,852,360
58.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	815,155,480	859,899,171	715,644,378	598,278,979	453,085,671
59.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	175,567,143	157,610,999	135,047,414	124,426,026	124,825,117
60.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	51,206	375,649	(148,847)	1,275,411	795,750
61.	Nonproportional reinsurance lines (Lines 30, 31 & 32)	59,113,420	62,250,699	24,389,425	80,036,564	153,656,822
62.	Total (Line 34)	1,051,842,595	1,083,905,259	879,456,981	806,618,202	743,215,720
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64.	Losses incurred (Line 2)	39.8	47.5	50.0	43.6	41.0
65.	Loss expenses incurred (Line 3)	4.8	3.8	3.4	4.8	3.3
66.	Other underwriting expenses incurred (Line 4)	25.4	24.2	23.9	25.5	23.3
67.	Net underwriting gain (loss) (Line 8)	30.0	24.5	22.8	26.1	32.4
	Other Percentages					
68.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	25.2	23.1	23.5	26.5	22.2
69.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	44.6	51.3	53.4	48.5	44.3
70.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0)	41.3	48.8	53.9	58.9	88.9
	One Year Loss Development (000 omitted)					
71.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(71,166)	(16,213)	(189,850)	98,765	94,986
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)	(1.4)	(0.4)	(5.4)	3.5	4.9
	Two Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	52,225	(127,131)	(59,276)	255,479	334,111
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)	1.2	(3.6)	(2.1)	13.2	18.8

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	74,434,611	78,246,282	74,213,607	75,228,406
Governments	2. Canada	101,022,004	103,300,749	101,170,474	100,489,000
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	175,456,615	181,547,031	175,384,081	175,717,406
	5. United States	26,689,816	26,828,255	26,803,551	24,345,000
States, Territories and Possessions	6. Canada	99,974,344	101,876,584	100,454,766	94,879,000
(Direct and guaranteed)	7. Other Countries				
	8. Totals	126,664,160	128,704,839	127,258,317	119,224,000
Political Subdivisions of States,	9. United States	51,011	52,502	51,091	50,000
Territories and Possessions	10. Canada	2,925,000	2,937,051	2,917,073	2,925,000
(Direct and guaranteed)	11. Other Countries				
	12. Totals	2,976,011	2,989,553	2,968,164	2,975,000
Special Revenue and Special Assessment	13. United States	1,540,267,979	1,547,539,444	1,556,642,011	1,496,455,499
Obligations and all Non-guaranteed Obligations	14. Canada	57,494,479	57,695,829	57,706,303	56,195,000
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	1,597,762,458	1,605,235,273	1,614,348,314	1,552,650,499
	17. United States				
Public Utilities	18. Canada	3,860,319	3,871,147	3,871,146	3,491,074
(Unaffiliated)	19. Other Countries				
	20. Totals	3,860,319	3,871,147	3,871,146	3,491,074
Industrial and Miscellaneous and	21. United States	498,527,005	502,134,909	506,484,919	502,316,596
Credit Tenant Loans	22. Canada	139,601,456	138,073,775	140,621,469	139,262,447
(Unaffiliated)	23. Other Countries	2,077,728	2,077,728	2,047,950	2,200,000
	24. Totals	640,206,189	642,286,412	649,154,338	643,779,043
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	2,546,925,752	2,564,634,255	2,572,984,360	2,497,837,022
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	0	0	0	
	45. United States	197,224,584	197,224,584	161,100,169	
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	197,224,584	197,224,584	161,100,169	
	49. United States	4,126,428,523	4,126,428,523	2,632,110,592	
Industrial and Miscellaneous	50. Canada	139,616,939	139,616,939	78,293,614	
(Unaffiliated)	51. Other Countries	115,407,987	115,407,987	88,902,198	
	52. Totals	4,381,453,449	4,381,453,449	2,799,306,404	
Parent, Subsidiaries and Affiliates	53. Totals	1,711,212,922	1,711,212,922	1,360,768,572	
	54. **Total Common Stocks**	6,289,890,955	6,289,890,955	4,321,175,145	
	55. **Total Stocks**	6,289,890,955	6,289,890,955	4,321,175,145	
	56. **Total Bonds and Stocks**	8,836,816,707	8,854,525,210	6,894,159,505	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		7,689,453,424
2. Cost of bonds and stocks acquired, Column 7, Part 3		2,785,984,261
3. Accrual of discount		2,566,127
4. Increase (decrease) by adjustment:		
4.1 Columns 12 - 14, Part 1	(7,654,243)	
4.2 Columns 15 - 17, Part 2, Section 1		
4.3 Column 15, Part 2, Section 2	162,395,032	
4.4 Columns 11 - 13, Part 4	(179,376,256)	(24,635,467)
5. Total gain (loss), Column 19, Part 4		347,003,703
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4		1,952,654,021
7. Amortization of premium		10,901,320
8. Foreign exchange adjustment:		
8.1 Column 15, Part 1		
8.2 Column 19, Part 2, Section 1		
8.3 Column 16, Part 2, Section 2		
8.4 Column 15, Part 4		0
9. Book/adjusted carrying value at end of current period		8,836,816,707
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		8,836,816,707
12. Total nonadmitted amounts		
13. Statement value of bonds and stocks, current year		8,836,816,707

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported- Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	144,660	123,038	7,557	5,322	11		12,676	23,868	XXX
2. 1998	1,215,851	353,573	862,278	954,244	226,075	14,272	2,489	43,718	2,167	28,984	781,503	XXX
3. 1999	1,101,931	349,283	752,648	1,232,173	541,773	22,811	4,368	43,598	3,684	36,939	748,756	XXX
4. 2000	1,161,983	385,620	776,363	703,803	216,508	19,529	7,483	24,483	3,152	15,074	520,673	XXX
5. 2001	1,291,816	465,078	826,738	2,256,015	1,245,935	35,769	8,402	67,744	9,123	10,126	1,096,069	XXX
6. 2002	2,465,270	742,594	1,722,675	657,690	74,404	6,708	238	42,133	3,292	5,080	628,597	XXX
7. 2003	3,175,165	753,161	2,422,004	957,740	165,726	6,966	358	56,455	3,849	12,774	851,229	XXX
8. 2004	2,903,811	756,085	2,147,726	941,445	168,621	8,067	2,142	69,447	4,714	9,106	843,483	XXX
9. 2005	2,919,631	682,747	2,236,884	1,573,630	537,778	15,304	956	78,622	4,751	(5,331)	1,124,070	XXX
10. 2006	3,118,218	779,538	2,338,680	962,406	127,886	5,372	30	52,983	2,276	230	890,569	XXX
11. 2007	3,147,998	791,285	2,356,713	328,440	55,667	1,507	530	34,390	2,776	(450)	305,364	XXX
12. Totals	XXX	XXX	XXX	10,712,246	3,483,410	143,862	32,317	513,584	39,782	125,209	7,814,182	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding- Direct and Assumed
1. Prior	336,131	163,697	452,709	134,102	21,390	11,978	13,033		48,273			561,759	XXX
2. 1998	375	5										370	XXX
3. 1999	2,384	925										1,459	XXX
4. 2000	41	6			15						607	50	XXX
5. 2001	5,503	1,189			110						1,427	4,424	XXX
6. 2002	2,266	191	5,679		8						4,245	7,762	XXX
7. 2003	22,810	478	1,117		18						9,288	23,467	XXX
8. 2004	23,082	5,562	27,888		848	141			3,344	561	14,345	48,898	XXX
9. 2005	75,006	34,856	163,364		25,737	203			5,441	812	27,306	233,677	XXX
10. 2006	150,877	37,614	47,348		2,794	471			12,507	1,883	34,845	173,558	XXX
11. 2007	699,124	76,492	142,725		8,677	1,512			42,524	6,047	35,837	808,999	XXX
12. Totals	1,317,599	321,015	840,830	134,102	59,597	14,305	13,033	0	112,089	9,303	127,900	1,864,423	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	491,041	70,718
2. 1998	1,012,609	230,736	781,873	83.3	65.3	90.7			86.00	370	0
3. 1999	1,300,965	550,750	750,215	118.1	157.7	99.7			86.00	1,459	0
4. 2000	747,872	227,148	520,723	64.4	58.9	67.1			86.00	35	15
5. 2001	2,365,141	1,264,648	1,100,493	183.1	271.9	133.1			86.00	4,314	110
6. 2002	714,484	78,126	636,359	29.0	10.5	36.9			86.00	7,754	8
7. 2003	1,045,106	170,410	874,696	32.9	22.6	36.1			86.00	23,449	18
8. 2004	1,074,122	181,740	892,381	37.0	24.0	41.6			86.00	45,408	3,490
9. 2005	1,937,103	579,356	1,357,747	66.3	84.9	60.7			86.00	203,514	30,163
10. 2006	1,234,287	170,160	1,064,127	39.6	21.8	45.5			86.00	160,611	12,947
11. 2007	1,257,387	143,024	1,114,363	39.9	18.1	47.3			86.00	765,357	43,642
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,703,312	161,111

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										DEVELOPMENT	
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	11 One Year	12 Two Year
1. Prior	504,632	571,675	565,614	554,428	646,372	724,344	822,098	816,782	904,728	893,484	(11,245)	76,702
2. 1998	717,432	720,340	740,461	733,637	735,765	733,172	741,668	741,402	740,322	740,322	0	(1,080)
3. 1999	XXX	775,571	729,872	695,422	708,869	719,699	709,743	712,071	710,301	710,301	0	(1,770)
4. 2000	XXX	XXX	492,549	473,457	475,441	502,271	473,517	472,837	471,070	499,392	28,322	26,555
5. 2001	XXX	XXX	XXX	897,553	995,866	1,009,122	1,146,923	1,029,890	1,026,861	1,041,871	15,010	11,981
6. 2002	XXX	XXX	XXX	XXX	675,719	644,413	599,562	587,857	597,518	597,518	0	9,661
7. 2003	XXX	XXX	XXX	XXX	XXX	913,324	851,598	826,229	820,971	822,089	1,118	(4,140)
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	878,661	846,852	824,865	824,865	0	(21,987)
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,322,944	1,244,012	1,279,247	35,235	(43,697)
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,142,402	1,002,796	(139,606)	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,046,272	XXX	XXX
										12. Totals	(71,166)	52,225

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										11	12
	1 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	90,871	147,485	202,634	227,125	247,440	286,382	317,653	356,141	379,998	XXX	XXX
2. 1998	279,900	595,481	705,513	720,910	727,107	728,398	743,438	743,500	741,918	739,952	XXX	XXX
3. 1999	XXX	293,409	607,547	678,853	702,668	711,067	711,694	712,923	710,125	708,842	XXX	XXX
4. 2000	XXX	XXX	154,729	369,809	444,896	469,201	477,324	474,662	471,429	499,342	XXX	XXX
5. 2001	XXX	XXX	XXX	348,766	661,885	816,717	922,384	1,022,034	1,022,362	1,037,447	XXX	XXX
6. 2002	XXX	XXX	XXX	XXX	278,774	476,325	548,673	573,355	583,099	589,756	XXX	XXX
7. 2003	XXX	XXX	XXX	XXX	XXX	349,929	658,411	760,310	798,325	798,622	XXX	XXX
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	281,589	600,240	727,950	778,750	XXX	XXX
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	315,203	833,204	1,050,199	XXX	XXX
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	376,923	839,862	XXX	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	273,750	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 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007
1. Prior	37,149	229,895	174,913	165,326	193,828	242,856	331,076	282,281	352,747	331,640
2. 1998	19,538	14,263	5,255	769	1,356	1,160	1,072	1,079		
3. 1999	XXX	26,118	25,260	3,004	2,226	2,028	1,802	1,763		
4. 2000	XXX	XXX	36,724	11,949	3,011	2,326	1,822	1,763		
5. 2001	XXX	XXX	XXX	58,313	113,675	101,176	149,741	2,053		
6. 2002	XXX	XXX	XXX	XXX	86,534	52,754	11,989	9,223	6,091	5,679
7. 2003	XXX	XXX	XXX	XXX	XXX	125,618	46,185	18,459	6,425	1,117
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	167,226	58,311	24,714	27,888
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	281,474	233,253	163,364
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	151,282	47,348
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	142,725

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (YES or NO)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	3 Direct Premiums Earned	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)
1. Alabama AL	YES	32,928,941	31,261,282		19,719,688	16,256,576	15,588,950		
2. Alaska AK	YES	11,117,221	10,398,873		6,658,310	(715,510)	4,880,024		
3. Arizona AZ	YES	25,221,745	23,631,722		(1,827,305)	5,588,662	13,057,497		
4. Arkansas AR	YES	23,176,985	24,228,400		16,211,152	15,350,154	7,157,095		
5. California CA	YES	302,160,418	284,204,989		141,738,053	94,071,299	101,752,550		
6. Colorado CO	YES	32,360,153	31,233,965		(6,945,316)	(4,364,972)	4,009,052		
7. Connecticut CT	YES	44,846,230	43,280,667		11,955,158	11,477,443	36,940,714		
8. Delaware DE	YES	3,544,645	4,234,197		1,538,313	3,613,480	2,781,185		
9. District of Columbia DC	YES	14,445,263	14,974,813		2,952,855	1,777,843	638,652		
10. Florida FL	YES	106,457,327	100,372,991		56,347,760	72,136,467	70,960,869		
11. Georgia GA	YES	60,399,675	59,049,395		18,580,759	8,088,980	12,373,843		
12. Hawaii HI	YES	3,375,054	3,014,359		70,000	1,298,984	3,016,561		
13. Idaho ID	YES	9,599,943	8,689,369			173,167	173,167		
14. Illinois IL	YES	80,077,379	80,020,830		21,851,221	(7,185,379)	32,501,273		
15. Indiana IN	YES	38,407,936	34,050,701		17,823,282	10,853,141	11,344,642		
16. Iowa IA	YES	26,743,818	24,805,296		3,209,581	(2,450,223)	1,376,668		
17. Kansas KS	YES	18,738,367	18,373,617		7,849,086	5,648,028	2,235,130		
18. Kentucky KY	YES	38,457,423	37,391,532		9,087,699	10,203,983	17,075,896		
19. Louisiana LA	YES	27,208,844	29,450,347		118,792,242	(77,083,135)	98,451,596		
20. Maine ME	YES	9,418,424	9,411,902		2,604	2,604			
21. Maryland MD	YES	23,965,338	23,436,261		5,660,774	2,175,148	4,244,374		
22. Massachusetts MA	YES	64,754,449	61,094,147		45,071,368	(37,595,207)	22,665,154		
23. Michigan MI	YES	48,008,489	43,480,933		1,975,229	12,240,164	17,113,948		
24. Minnesota MN	YES	35,274,488	33,987,636		2,455,612	1,076,613	3,612,771		
25. Mississippi MS	YES	14,139,769	13,703,808		36,834,301	(12,244,669)	33,161,982		
26. Missouri MO	YES	52,315,863	49,738,721		8,167,156	16,556,712	18,931,933		
27. Montana MT	YES	4,408,476	4,128,814			(1,000,000)			
28. Nebraska NE	YES	10,426,182	9,211,069		1,175,618	1,608,821	433,203		
29. Nevada NV	YES	31,525,059	30,419,089		2,097,073	(9,242,964)	12,070,267		
30. New Hampshire NH	YES	5,956,475	6,223,591		648,895	(189,689)	5,994,659		
31. New Jersey NJ	YES	40,851,231	41,560,169		20,255,068	31,978,918	36,541,975		
32. New Mexico NM	YES	6,606,662	4,931,167		4,170,653	(5,528,210)	159,977		
33. New York NY	YES	77,826,265	90,958,278		27,698,441	8,439,832	83,769,179		
34. North Carolina NC	YES	56,883,966	56,738,218		3,842,219	7,063,826	10,151,793		
35. North Dakota ND	YES	12,478,020	10,415,541		1,069,392	9,536,245	21,364,249		
36. Ohio OH	YES	66,217,945	66,198,932		15,884,087	15,262,328	25,907,288		
37. Oklahoma OK	YES	17,821,413	17,276,348		669,402	1,142,320	1,224,412		
38. Oregon OR	YES	36,244,126	31,737,295		21,517,612	37,417,194	28,051,984		
39. Pennsylvania PA	YES	90,269,400	87,380,440		60,256,181	10,663,123	44,761,637		
40. Rhode Island RI	YES	9,940,504	10,093,650		968,226	5,525,873	7,450,792		
41. South Carolina SC	YES	28,150,163	29,020,898		7,624,045	8,652,949	5,311,049		
42. South Dakota SD	YES	5,850,286	5,254,560		29,848	(70,722)			
43. Tennessee TN	YES	53,076,091	56,409,084		5,296,022	8,787,725	16,820,826		
44. Texas TX	YES	158,715,001	149,069,812		67,820,690	(5,911,565)	59,551,364		
45. Utah UT	YES	18,325,245	15,781,073		2,935,260	(449,442)	753,421		
46. Vermont VT	YES	4,634,295	5,029,252		787,467	2,085,821	1,920,910		
47. Virginia VA	YES	38,198,252	43,914,198		33,893,209	60,721,536	61,641,591		
48. Washington WA	YES	60,198,853	60,197,708		11,931,730	25,719,927	21,505,948		
49. West Virginia WV	YES	11,885,177	11,367,527		758,293	3,264,653	2,506,360		
50. Wisconsin WI	YES	40,959,134	41,101,784		74,039,968	(25,884,523)	10,004,492		
51. Wyoming WY	YES	6,684,036	6,462,262			174,598	174,598		
52. American Samoa AS	NO								
53. Guam GU	YES	304,474	219,514						
54. Puerto Rico PR	YES	24,694,218	25,797,531		461,978	1,140,470	743,283		
55. US Virgin Islands VI	YES	238,088	255,890						
56. Northern Mariana Islands MP	NO								
57. Canada CN	YES	289,092,799	298,962,589		105,021,085	121,286,113	136,172,256		
58. Aggregate Other Alien OT	XXX	56,922,863	57,698,382	0	18,090,175	42,042,818	33,992,565	0	0
59. Totals	(a) 54	2,412,528,886	2,371,335,418	0	1,034,722,218	501,188,328	1,165,025,604	0	0
DETAILS OF WRITE-INS									
5801. AFGHANISTAN	XXX	264,639	124,006			225,000	225,000		
5802. ALGERIA	XXX	39,036	38,739						
5803. ANGOLA	XXX	39,319	28,983						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	56,579,869	57,506,654	0	18,090,175	41,817,818	33,767,565	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	56,922,863	57,698,382	0	18,090,175	42,042,818	33,992,565	0	0

Explanation of Basis of Allocation of Premiums by States, etc.
All premiums are allocated to the location of the property insured.

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

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

PART 1 - ORGANIZATIONAL CHART

NAIC Code	State or Country of Domicile	Affiliated Insurers	Federal Employer's Identification Number	Percent Ownership Common Stock	Percent Ownership Preferred Stock	Owned by
21482	RI	Factory Mutual Insurance Company	05-0316605	0%	0%	Mutual Company
10014	RI	Affiliated FM Insurance Company	05-0254496	100%	65.50%	FMIC Holdings, Inc.
10014	RI	Affiliated FM Insurance Company	05-0254496	0%	34.50%	Appalachian Insurance Company
10316	RI	Appalachian Insurance Company	05-0284861	100%	0%	FMIC Holdings, Inc.
None	England	FM Insurance Company Ltd.	AA-1120610	100%	0%	Factory Mutual Insurance Company
None	Bermuda	Risk Engineering Insurance Co., Ltd.	98-0131767	100%	0%	FMIC Holdings, Inc.

NAIC Code	State or Country of Domicile	Non-insurer Affiliates	Federal Employer's Identification Number	Percent Ownership Common Stock	Percent Ownership Preferred Stock	Owned by
N/A	RI	FMIC Holdings, Inc.	None	100%	0%	Factory Mutual Insurance Company
N/A	RI	Corporate Insurance Services, Inc.	05-0453751	100%	0%	FMIC Holdings, Inc.
N/A	RI	FM Approvals, LLC	05-0520189	100%	0%	Factory Mutual Insurance Company
N/A	MA	Factory Mutual Engineering Corp.	04-6114856	100%	0%	Factory Mutual Insurance Company
N/A	MA	FMIC Real Estate Holdings Corp	04-3516894	100%	0%	Factory Mutual Insurance Company
N/A	GA	TSB Loss Control Consultants, Inc.	58-2190659	100%	0%	Factory Mutual Insurance Company

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

PART 1 - ORGANIZATIONAL CHART

2007 ALPHABETICAL INDEX

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

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