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ANNUAL STATEMENT

For the Year Ended December 31, 2008

of the Condition and Affairs of the

AFFILIATED FM INSURANCE COMPANY

NAIC Group Code.....65, 65 (Current Period) (Prior Period) NAIC Company Code..... 10014 Employer's ID Number..... 05-0254496

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

Incorporated/Organized..... May 6, 1949 Commenced Business..... June 1, 1950

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 Web Site Address	www.fmglobal.com	
Statutory Statement Contact	Jeffrey Black *(Name)*	401-275-3000-1559 *(Area Code) (Telephone Number) (Extension)*
	jeffrey.black@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	Paul Edward LaFleche	Senior Vice President
Jeanne Ruth Lieb	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	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 (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(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 2nd day of February 2009

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)	1,030,287,739		1,030,287,739	1,084,488,930
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	27,914,823		27,914,823	27,768,761
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 (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(5,412,538), Sch. E-Part 1), cash equivalents ($.....1,048,157, Sch. E-Part 2) and short-term investments ($.....161,237,094, Sch. DA)	156,872,713		156,872,713	5,396,065
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)			0	
8. Receivables for securities	385,535		385,535	2,150,476
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,215,460,810	0	1,215,460,810	1,119,804,232
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	12,037,826		12,037,826	12,069,797
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	99,555,358	3,175,741	96,379,617	91,528,924
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	87,237,215		87,237,215	48,001,963
14.2 Funds held by or deposited with reinsured companies	48,861		48,861	46,334
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon	6,387,393		6,387,393	
16.2 Net deferred tax asset	28,331,000	7,706,000	20,625,000	12,776,000
17. Guaranty funds receivable or on deposit	999,638		999,638	348,051
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	541,445
21. Receivables from parent, subsidiaries and affiliates	25,196,293		25,196,293	61,009,173
22. Health care ($.....0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	6,159,058	0	6,159,058	15,097,335
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,481,413,452	10,881,741	1,470,531,711	1,361,223,254
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	1,481,413,452	10,881,741	1,470,531,711	1,361,223,254

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. Equities and deposits in pools and associations	250,000		250,000	250,000
2302. Accounts Receivable State Tax Refunds	372,798		372,798	685,959
2303. Accounts Receivable Miscellaneous	1,113,732		1,113,732	1,618,254
2398. Summary of remaining write-ins for Line 23 from overflow page	4,422,528	0	4,422,528	12,543,122
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	6,159,058	0	6,159,058	15,097,335

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	361,473,939	296,032,596
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	8,452,644	4,786,812
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	40,074,157	35,961,512
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	64,410	62,750
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	5,577,373	5,110,550
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))	26,854,293	46,246,035
7.2	Net deferred tax liability		
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....67,770,729 and including warranty reserves of $.....0)	240,806,200	228,962,342
10.	Advance premium		
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	111,714	104,963
12.	Ceded reinsurance premiums payable (net of ceding commissions)	68,858,522	53,308,457
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	385,634	633,423
15.	Remittances and items not allocated	432,801	715
16.	Provision for reinsurance (Schedule F, Part 7)	4,737,877	4,657,283
17.	Net adjustments in assets and liabilities due to foreign exchange rates	8,832,712	
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates		
20.	Payable for securities		
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $.....0 and interest thereon $.....0		
23.	Aggregate write-ins for liabilities	8,334,644	9,850,900
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	774,996,920	685,718,338
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	774,996,920	685,718,338
27.	Aggregate write-ins for special surplus funds	0	0
28.	Common capital stock	4,000,000	4,000,000
29.	Preferred capital stock	7,250,000	7,250,000
30.	Aggregate write-ins for other than special surplus funds	0	0
31.	Surplus notes		
32.	Gross paid in and contributed surplus	270,210,662	270,210,662
33.	Unassigned funds (surplus)	414,074,129	394,044,254
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)	695,534,791	675,504,916
36.	TOTALS (Page 2, Line 26, Col. 3)	1,470,531,711	1,361,223,254

DETAILS OF WRITE-INS

2301.	Miscellaneous Accounts Payable	8,334,644	9,850,900
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)	8,334,644	9,850,900
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.			
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)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	324,329,030	328,843,765
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 35, Column 7)	233,782,441	130,754,460
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	17,760,061	15,859,880
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	68,403,371	83,617,312
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	319,945,873	230,231,652
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	4,383,157	98,612,113
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	58,906,197	57,868,604
10.	Net realized capital gains (losses) less capital gains tax of $.....(2,095,000) (Exhibit of Capital Gains (Losses))	(3,892,101)	909,568
11.	Net investment gain (loss) (Lines 9 + 10)	55,014,096	58,778,172
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....0 amount charged off $.....296,244)	(296,244)	(248,303)
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	111,604	210,591
15.	Total other income (Lines 12 through 14)	(184,640)	(37,712)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	59,212,613	157,352,573
17.	Dividends to policyholders	308,880	292,967
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)	58,903,733	157,059,606
19.	Federal and foreign income taxes incurred	26,000,418	56,078,535
20.	Net income (Line 18 minus Line 19) (to Line 22)	32,903,315	100,981,071
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	675,504,916	571,992,397
22.	Net income (from Line 20)	32,903,315	100,981,071
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $.....(4,219,000)	(6,687,756)	(503,779)
25.	Change in net unrealized foreign exchange capital gain (loss)	(9,374,157)	7,915,743
26.	Change in net deferred income tax	11,336,000	(2,711,000)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3)	(7,644,942)	(405,539)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(80,594)	(128,918)
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	(507,500)	(507,500)
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	85,509	(1,127,559)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	20,029,875	103,512,519
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	695,534,791	675,504,916

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 Income (Expense)	111,604	210,591
1402.			
1403.			
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)	111,604	210,591
3701.	Foreign exchange	85,509	(1,127,559)
3702.			
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)	85,509	(1,127,559)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	346,933,318	334,404,572
2. Net investment income	61,702,785	56,870,309
3. Miscellaneous income	(184,640)	(37,712)
4. Total (Lines 1 through 3)	408,451,463	391,237,169
5. Benefit and loss related payments	197,308,707	126,221,557
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	83,353,325	110,157,763
8. Dividends paid to policyholders	302,129	287,597
9. Federal and foreign income taxes paid (recovered) net of $.....(2,095,000) tax on capital gains (losses)	49,684,553	50,338,598
10. Total (Lines 5 through 9)	330,648,714	287,005,515
11. Net cash from operations (Line 4 minus Line 10)	77,802,749	104,231,654
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	358,357,582	289,953,031
12.2 Stocks	13,648,043	17,379,143
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(33,551)	(39,314)
12.7 Miscellaneous proceeds	1,764,942	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	373,737,016	307,292,860
13. Cost of investments acquired (long-term only):		
13.1 Bonds	313,761,832	391,825,760
13.2 Stocks	22,608,656	14,288,881
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		2,088,619
13.7 Total investments acquired (Lines 13.1 to 13.6)	336,370,488	408,203,261
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	37,366,528	(100,910,401)
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	507,500	507,500
16.6 Other cash provided (applied)	36,814,871	(46,746,511)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	36,307,371	(47,254,011)
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)	151,476,648	(43,932,758)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	5,396,065	49,328,823
19.2 End of year (Line 18 plus Line 19.1)	156,872,713	5,396,065

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	179,082,342	86,335,661	91,630,678	173,787,325
2.	Allied lines	92,668,945	46,634,836	48,331,840	90,971,941
3.	Farmowners multiple peril				0
4.	Homeowners multiple peril	1,492,264	773,519	857,804	1,407,979
5.	Commercial multiple peril	57,994,320	27,440,497	27,908,589	57,526,228
6.	Mortgage guaranty				0
8.	Ocean marine	22,043,765	8,574,185	9,861,137	20,756,813
9.	Inland marine	119,113,099	58,837,015	61,856,498	116,093,616
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	108	58	56	110
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	1,181,425	366,571	359,598	1,188,398
28.	Credit				0
29.	International				0
30.	Warranty				0
31.	Reinsurance - nonproportional assumed property	(137,403,380)			(137,403,380)
32.	Reinsurance - nonproportional assumed liability				0
33.	Reinsurance - nonproportional assumed financial lines				0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	336,172,888	228,962,342	240,806,200	324,329,030

DETAILS OF WRITE-INS

3401.					0
3402.					0
3403.					0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	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	91,630,678				91,630,678
2.	Allied lines	48,331,840				48,331,840
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril	857,804				857,804
5.	Commercial multiple peril	27,908,589				27,908,589
6.	Mortgage guaranty					0
8.	Ocean marine	9,861,137				9,861,137
9.	Inland marine	61,856,498				61,856,498
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	56				56
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	359,598				359,598
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance - nonproportional assumed property					0
32.	Reinsurance - nonproportional assumed liability					0
33.	Reinsurance - nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	240,806,200	0	0	0	240,806,200
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (sum of Lines 35 through 37)					240,806,200

DETAILS OF WRITE-INS

3401.						0
3402.						0
3403.						0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

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	213,822,849	303,461	1,046,401	791,408	35,298,961	179,082,342
2.	Allied lines	122,307,604	122,028	455,029	662,586	29,553,130	92,668,945
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril	1,505,198				12,934	1,492,264
5.	Commercial multiple peril	70,528,621	51,604	(33,741)		12,552,164	57,994,320
6.	Mortgage guaranty						0
8.	Ocean marine	23,215,837	15,000	70,157		1,257,229	22,043,765
9.	Inland marine	152,946,387	125,303	790,937	762,006	33,987,522	119,113,099
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	108					108
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	35,569,605	41,720	54,970	33,427,184	1,057,686	1,181,425
28.	Credit						0
29.	International						0
30.	Warranty						0
31.	Reinsurance - nonproportional assumed property	XXX			137,403,380		(137,403,380)
32.	Reinsurance - nonproportional assumed liability	XXX					0
33.	Reinsurance - nonproportional assumed financial lines	XXX					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	619,896,209	659,116	2,383,753	173,046,564	113,719,626	336,172,888

DETAILS OF WRITE-INS

3401.							0
3402.							0
3403.							0
3498.	Summary of remaining write-ins for Line 34 from overflow page.	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	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	81,469,006	747,150	21,196,848	61,019,308	89,046,642	60,682,882	89,383,068	51.4
2.	Allied lines	70,004,575		31,328,655	38,675,920	51,034,325	27,130,191	62,580,054	68.8
3.	Farmowners multiple peril				0			0	
4.	Homeowners multiple peril	254,771			254,771	187,941	252,351	190,361	13.5
5.	Commercial multiple peril	24,587,131		6,452,368	18,134,763	22,893,067	12,151,280	28,876,550	50.2
6.	Mortgage guaranty				0			0	
8.	Ocean marine	10,259,731	319,610	273,581	10,305,760	21,387,524	16,830,969	14,862,315	71.6
9.	Inland marine	64,673,314		18,898,338	45,774,976	53,989,243	39,778,634	59,985,585	51.7
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	206,312		160,783	45,529	1,197,921	1,243,450	0	
17.1	Other liability - occurrence	2,038,208	27,255	1,729,038	336,425	7,516,860	7,853,285	0	
17.2	Other liability - claims-made				0			0	
18.1	Products liability - occurrence	19,623,268		11,265,351	8,357,917	105,869,036	114,226,953	0	
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)				0			0	
23.	Fidelity	(24,078)		424,219	(448,297)	2,550,944	8,993,285	(6,890,638)	
24.	Surety				0	25,500	25,500	0	
26.	Burglary and theft	(144)			(144)			(144)	
27.	Boiler and machinery	9,834,687		7,077,230	2,757,457	1,421,026	2,323,870	1,854,613	156.1
28.	Credit				0			0	
29.	International				0			0	
30.	Warranty				0			0	
31.	Reinsurance - nonproportional assumed property	XXX		17,040,770	(17,040,770)			(17,040,770)	12.4
32.	Reinsurance - nonproportional assumed liability	XXX	167,483		167,483	4,353,910	4,539,946	(18,553)	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	
35.	TOTALS	282,926,781	1,261,498	115,847,181	168,341,098	361,473,939	296,032,596	233,782,441	72.1

DETAILS OF WRITE-INS

3401.					0			0	
3402.					0			0	
3403.					0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	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)	Net Unpaid Loss Adjustment Expenses
1.	Fire	63,447,447	1,906,899	12,132,742	53,221,604	45,021,510		9,196,472	89,046,642	5,374,348
2.	Allied lines	42,751,346		6,147,809	36,603,537	15,919,700		1,488,912	51,034,325	3,824,026
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril	79,941			79,941	108,000			187,941	
5.	Commercial multiple peril	28,191,806		6,798,739	21,393,067	2,000,000		500,000	22,893,067	2,049,223
6.	Mortgage guaranty				0				0	
8.	Ocean marine	16,175,627	185,051	68,254	16,292,424	5,095,100			21,387,524	1,856,694
9.	Inland marine	50,208,635		7,215,083	42,993,552	15,805,400		4,809,709	53,989,243	4,491,946
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	2,183,535		1,873,311	310,224	936,875	289,220	338,398	1,197,921	90,730
17.1	Other liability - occurrence	11,982,392	842,192	10,318,097	2,506,487	33,037,383		28,027,010	7,516,860	6,005,847
17.2	Other liability - claims-made				0				0	
18.1	Products liability - occurrence	67,520,956		35,510,806	32,010,150	151,005,984	11,142	77,158,240	105,869,036	16,155,640
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)				0				0	
23.	Fidelity	1,001,000		1,044,117	(43,117)	2,594,061			2,550,944	
24.	Surety	25,500			25,500				25,500	
26.	Burglary and theft				0				0	
27.	Boiler and machinery	7,616,918		6,295,892	1,321,026	225,000		125,000	1,421,026	225,703
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability	XXX	449,688		449,688	XXX	3,904,222		4,353,910	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	291,185,103	3,383,830	87,404,850	207,164,083	271,749,013	4,204,584	121,643,741	361,473,939	40,074,157

DETAILS OF WRITE-INS

3401.					0				0	
3402.					0				0	
3403.					0				0	
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	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	28,853,104			28,853,104
1.2 Reinsurance assumed	259,889			259,889
1.3 Reinsurance ceded	20,123,235			20,123,235
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	8,989,758	0	0	8,989,758
2. Commission and brokerage:				
2.1 Direct, excluding contingent		56,264,144		56,264,144
2.2 Reinsurance assumed, excluding contingent		1,328,328		1,328,328
2.3 Reinsurance ceded, excluding contingent		104,796,024		104,796,024
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	(47,203,552)	0	(47,203,552)
3. Allowances to manager and agents				0
4. Advertising	14	2,333,334		2,333,348
5. Boards, bureaus and associations		151,109		151,109
6. Surveys and underwriting reports	77,245	1,111,604		1,188,849
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	5,421,289	57,875,872	705,397	64,002,558
8.2 Payroll taxes	337,569	3,741,822	28,728	4,108,119
9. Employee relations and welfare	990,797	11,628,548	130,023	12,749,368
10. Insurance	70,130	1,694,403	207	1,764,740
11. Directors' fees		47,989		47,989
12. Travel and travel items	1,157,021	8,947,542	11,200	10,115,763
13. Rent and rent items	506,741	4,626,314	3,424	5,136,479
14. Equipment	35,286	2,520,933	7,695	2,563,914
15. Cost or depreciation of EDP equipment and software				0
16. Printing and stationery	64,557	965,782	9,089	1,039,428
17. Postage, telephone and telegraph, exchange and express	90,834	2,461,370	11,998	2,564,202
18. Legal and auditing	18,820	119,111		137,931
19. Totals (Lines 3 to 18)	8,770,303	98,225,733	907,761	107,903,797
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.....0		15,231,467		15,231,467
20.2 Insurance department licenses and fees		504,479	285	504,764
20.3 Gross guaranty association assessments		860,459		860,459
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	16,596,405	285	16,596,690
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	0	784,785	211,388	996,173
25. Total expenses incurred	17,760,061	68,403,371	1,119,434	(a) 87,282,866
26. Less unpaid expenses - current year	40,074,156	5,641,783	1,119,434	46,835,373
27. Add unpaid expenses - prior year	35,961,513	5,173,300		41,134,813
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)	13,647,418	67,934,888	0	81,582,306

DETAILS OF WRITE-INS

2401. Bank Activity Fees		1,618	34,312	35,930
2402. Consulting		738,208		738,208
2403. Investment Management Fees			177,076	177,076
2498. Summary of remaining write-ins for Line 24 from overflow page	0	44,959	0	44,959
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	784,785	211,388	996,173

(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) 19,665,612	18,751,212
1.1	Bonds exempt from U.S. tax	(a) 1,144,350	1,730,223
1.2	Other bonds (unaffiliated)	(a) 35,057,196	35,626,007
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	562,841	565,665
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 2,072,819	2,072,819
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	1,482,808	1,482,808
10.	Total gross investment income	59,985,626	60,228,734
11.	Investment expenses		(g) 1,119,149
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 285
13.	Interest expense		(h) 203,103
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		1,322,537
17.	Net investment income (Line 10 minus Line 16)		58,906,197

DETAILS OF WRITE-INS

0901.	Securities Lending Interest Inocme	584,834	584,834
0902.	Interest Income on ICMA Loan	679,214	679,214
0903.	Misc Interest Inocme	214,817	214,817
0998.	Summary of remaining write-ins for Line 9 from overflow page	3,943	3,943
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	1,482,808	1,482,808
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 $.....1,096,711 accrual of discount less $.....2,656,386 amortization of premium and less $.....2,090,776 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 $.....45,968 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 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	4,504,134		4,504,134		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	(4,355,375)	(7,518,806)	(11,874,181)	(675,708)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	2,008,643	(592,146)	1,416,497	(10,231,051)	
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(33,551)		(33,551)		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	2,123,851	(8,110,952)	(5,987,101)	(10,906,759)	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	3,175,741	3,236,799	61,058
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	7,706,000		(7,706,000)
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			0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	10,881,741	3,236,799	(7,644,942)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	10,881,741	3,236,799	(7,644,942)

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. Equities and deposits in pools and associations			0
2302. Accounts Receivable State Tax Refunds			0
2303. Accounts Receivable Miscellaneous			0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The annual statement of Affiliated FM 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. Loan- backed bonds and structured securities are 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. The Company has no mortgage loans.
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. The Company has one non-insurance subsidiary, stated at GAAP equity value adjusted to a Statutory equity value.
8. The Company has no investments in joint ventures, partnerships and limited liability corporations.
9. The Company has no derivative instruments.
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 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 changes in accounting principals 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 – Not applicable

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

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes

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

Description	December 31, 2008	January 1, 2008
Gross deferred tax assets	$ 32,853,000	$ 26,728,000
Gross deferred tax liabilities	4,522,000	13,952,000
Net deferred tax assets	$ 28,331,000	$ 12,776,000
Non-admitted deferred tax assets	7,706,000	-
Admitted deferred tax assets	20,625,000	12,776,000
Increase (decrease) in non-admitted deferred tax assets	$ 7,706,000	$ -

B. Unrecognized DTLs – Not applicable

C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

Description	2008	2007
Federal	$ 28,665,000	$ 47,332,000
Foreign	(2,664,582)	8,746,535
Realized Capital Gains Tax	(2,095,000)	490,000
Federal and Foreign income taxes incurred	$ 23,905,418	$ 56,568,535

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, 2008	January 1, 2008	Change
Deferred Tax Assets			
Unpaid losses and LAE	$ 5,259,000	$ 4,762,000	$ 497,000
20% of unearned premiums	16,384,000	16,048,000	336,000
Non-admitted assets	1,031,000	1,140,000	(109,000)
Bad debt reserve	289,000	628,000	(339,000)
Unrealized investment losses	2,839,000	-	2,839,000
Unrealized foreign exchange	2,718,000	-	2,718,000
Deferred foreign tax credits	3,353,000	3,650,000	(297,000)
Other	980,000	500,000	480,000
Total deferred tax assets	$ 32,853,000	$ 26,728,000	$ 6,125,000
Non-admitted deferred tax assets	7,706,000	-	7,706,000
Admitted deferred tax assets	$ 25,147,000	$ 26,728,000	$ (1,581,000)
Deferred Tax Liabilities			
Unrealized appreciation	$ 241,000	$ 4,460,000	$ (4,219,000)
Unrealized foreign exchange	-	5,258,000	(5,258,000)
Deferred foreign income	3,353,000	3,650,000	(297,000)
Other	928,000	584,000	344,000
Total deferred tax liabilities	$ 4,522,000	$ 13,952,000	$ (9,430,000)
Net admitted deferred tax assets	$ 20,625,000	$ 12,776,000	$ 7,849,000

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	$ 19,883,000	35.0%
Other	245,418	.4%
Unrealized Foreign Exchange Gain	(7,559,000)	-13.3%
Totals	$ 12,569,418	22.1%
Federal and foreign income taxes incurred	$ 26,000,418	45.8%
Realized capital gains tax	(2,095,000)	-3.7%
Change in net deferred income taxes	(11,336,000)	-20.0%
Total statutory income taxes	$ 12,569,418	22.1%

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 $75,240,000; first preceding year $ 388,823,000.

2. 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.

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.

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships:

All of the common stock outstanding of the Company is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of the Factory Mutual Insurance Company, Johnston, R.I. In addition to owning 100% of the common stock, FMIC Holdings, Inc. also owns 47,500 shares of the 7% cumulative preferred stock ($100 par value) outstanding. Appalachian Insurance Company, a wholly-owned subsidiary of FMIC Holdings, Inc. owns 25,000 shares of the 7% cumulative preferred stock ($100 par value) outstanding.

B. Detail of Transactions Greater that ½% of Admitted Assets:

The Company lists its transactions with affiliates on Schedule Y, Part 2. There were no 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 26) and Inter-company Cash Management Agreements.

E. Guarantees or Contingencies for Related Parties - Not applicable

F. Management, Service Contracts, Cost Sharing Agreements:

The Company receives certain accounting, management and other services from an insurance affiliate. Management fees are charged as part of a cost sharing agreement approved by the state of domicile.

G. Nature of Relationships that could affect operations:

The Company is owned by FMIC Holdings Inc., a wholly owned subsidiary of Factory Mutual Insurance Company.

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. The Company does not own any foreign subsidiaries, therefore this disclosure regarding interest rates and mortality assumptions used in connection with calculating an investment in a foreign subsidiary by adjusting annuity GAAP account value reserves using CARVM and the related Actuarial Guidelines is not applicable.

L. The Company does not own any downstream non-insurance holding companies; therefore this disclosure regarding utilizing the look-through approach for the valuation of a downstream non-insurance holding company is not applicable.

Note 11 – Debt

A. Capital Notes – Not applicable

B. All other Debt – Not applicable

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

A. Defined Benefit Plans

The Company participates in non-contributory retirement income plans and a post-retirement benefit plan covering substantially all employees. The plan is sponsored by Factory Mutual Insurance Company (NAIC #21482), a member of an Insurance Holding Company System. See Note 12D.

B. Defined Contribution Plans

The Company participates in a savings plan covering substantially all employees. Company contributions to the plan were $1,668,000 in 2008 and $1,512,000 in 2007. The Plan is sponsored by Factory Mutual Insurance Company (NAIC #21482), a member of an Insurance Holding Company System. See Note 12D.

C. Multiemployer Plans - Not applicable

D. Consolidated/Holding Company Plans

Employees of the Company participate in both non-contributory retirement income plans and a post-retirement benefit plan. The Company has no legal obligation for benefits under the plans and the net expense relating to the plans in 2008 was $3,876,480.

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

F. Impact of Medicare Modernization Act on Postretirement Benefits - Not applicable

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

1. Outstanding Shares

The Company has outstanding 72,500 shares of 7% cumulative preferred stock. Detailed support is shown on Schedule Y, Part 1. As of December 31, 2008, there were no accrued dividends outstanding.

2. Dividend Rate of Preferred Stock – 7% cumulative.

NOTES TO FINANCIAL STATEMENTS

Note 13 – Capital and Surplus, Shareholders' Dividend Restriction and Quasi-Reorganizations (continued from preceding page)

3. 4. & 5. Dividend Restrictions, Amount of Ordinary Dividends that may be paid, & Restrictions on Unassigned Funds
The maximum amount of dividends, which can be paid by State of Rhode Island insurance companies to shareholders without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory surplus and net income. The maximum dividend payout which may be made without prior approval in 2008 is the lesser of:

a. 10% of surplus as regards policyholders as of the 31st day of December next preceding, or

b. Net income, not including realized gains, for the twelve month period ending the 31st day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities.
The maximum dividend payout, which may be made without prior approval in 2008, is $67,550,492.

6. Mutual Surplus Advances – 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 $507,000. This unrealized gain is not net of the applicable deferred tax liability of $241,000.

10. Surplus Notes - Not applicable.

11. & 12. Quasi-Reorganizations - Not applicable

13. Dividends Paid - The Company paid two ordinary dividends of $87,500 each on April 1, 2008 and October 1, 2008.

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 – Not applicable

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 $113,731,000 and $165,054,000 at December 31, 2008 and December 31, 2007, 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, Affiliated FM Insurance Company has no managing general agents.

Note 20 – Other items

A. Extraordinary items – Not applicable

B. Troubled Debt Restructuring for Debtors – Not applicable

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

NOTES TO FINANCIAL STATEMENTS

Note 20 – Other items (continued from preceding page)

G. Hybrid Securities - Not applicable

H. Subprime Mortgage Related Risk Exposure:

(1) Affiliated FM Insurance Company defines its exposure to sub prime mortgage related risk by considering securities with a weighted average FICO/Credit score of less than 660 to be sub prime. The company monitors the underlying collateral performance of these securities via monthly trustee reports, Bloomberg performance data and Rating Agency performance reports. In addition, the structure of the deal is monitored to assess the level of coverage and credit enhancement for the tranche held. The company has minimal exposure to sub prime securities and has no plans to increase its holding in sub prime securities at this time. This exposure will not materially affect the company's unrealized losses or anticipated cash flows.

(2) None

(3) Affiliated FM Insurance Company's only exposure to subprime bonds is one residential mortgage-backed security.
a. The actual cost of the subprime bond is $724,044.
b. The book adjusted carrying value of the subprime bond is $724,044.
c. The fair value of the subprime bond is $724,044.
d. An other-than-temporary impairment of $737,570 has been recognized.

(4) None

Note 21 – Events Subsequent

There were no events occurring subsequent to December 31, 2008 meriting disclosure.

Note 22 – Reinsurance

A. Unsecured Reinsurance Recoverable –

NAIC CODE	FEDERAL ID	COMPANY	UNSECURED AMOUNT
19232	36-0719665	Allstate Insurance Company	$ 23,533,000
25070	13-2781282	Clearwater Insurance Company	22,112,000
11551	99-0360327	Endurance Reinsurance Corp of America	29,632,000
26921	22-2005057	Everest Reinsurance Corporation	35,792,000
00000	AA-9995022	Excess & Casualty Reinsurance Assoc	33,283,000
20583	13-1290712	XL Reinsurance America Inc.	29,874,000

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	$ -	$ -	$ 16,498,946	$ 5,362,157	$ (16,498,946)	$ (5,362,157)
II. All Other	$1,595,532	$ 68,454	$ 51,271,784	$ 12,624,194	$ (49,676,252)	$ (12,555,740)
III. TOTAL	$1,595,532	$ 68,454	$ 67,770,730	$ 17,986,351	$ (66,175,198)	$ (17,917,897)
IV. Direct Unearned Premium Reserve $306,981,397						

Description	Direct	REINSURANCE Assumed	REINSURANCE 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: 0

Statement of Income Account	Amount
Losses Incurred	$ 0
Loss adjustment expenses incurred	
Premiums Earned	-
Other	-
Total	$ 0

Reinsurer	Amount
Total	$ 0

NOTES TO FINANCIAL STATEMENTS

Note 22 – Reinsurance (continued from preceding page)

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 that are reflected as:

Statement of Income Account	Amount
Losses and Lae Incurred	$ 0
Premiums Earned	
Other	
Total	$ 0
Reinsurer	**Amount**
	$ 0

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 $63,094,000. Of this amount $22,980,000 was attributable to favorable development with regard to prior year reserves from 2005 that were mostly connected to the Allied lines line of business. The Company also had $6,866,000 of favorable development with regard to 2002 loss reserves connected to the fidelity line of business, and $33,590,000 of reductions in IBNR reserves based on actual experience.

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

Note 25 – Intercompany 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 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 31-33 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 Polices – 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

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.

NOTES TO FINANCIAL STATEMENTS

Note 32 – Asbestos and Environmental Reserves (continued from preceding page)

Direct – Asbestos	2004	2005	2006	2007	2008
Beginning reserves:	$ 132,375,000	$ 256,568,000	$ 255,269,000	$ 272,940,000	$ 262,747,000
Incurred losses & loss adjustment expense:	129,500,000	6,054,000	36,269,000	-	-
Calendar year payments for losses & loss adjustment expense:	5,307,000	7,353,000	18,598,000	10,193,000	24,969,000
Ending Reserves:	$ 256,568,000	$ 255,269,000	$ 272,940,000	$ 262,747,000	$ 237,778,000

Assumed Reinsurance - Asbestos	2004	2005	2006	2007	2008
Beginning reserves:	$ -	$ -	$ -	$ -	$ -
Incurred losses & loss adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	$ -	$ -	$ -	$ -	$ -

Net of Ceded Reinsurance – Asbestos	2004	2005	2006	2007	2008
Beginning reserves:	$ 54,116,000	$ 90,893,000	$ 89,290,000	$ 110,072,000	$ 112,395,000
Incurred losses & loss adjustment expense:	41,800,000	(631,000)	30,978,000	360,000	(1,471,000)
Calendar year payments for losses & loss adjustment expense:	5,023,000	972,000	10,196,000	(1,963,000)	11,528,000
Ending Reserves:	$ 90,893,000	$ 89,290,000	$ 110,072,000	$ 112,395,000	$ 99,396,000

Direct - Environmental	2004	2005	2006	2007	2008
Beginning reserves:	$ 24,577,000	$ 44,563,000	$ 44,138,000	$ 46,121,000	$ 45,443,000
Incurred losses & loss adjustment expense:	20,000,000	(1,637,000)	2,395,000	-	-
Calendar year payments for losses & loss adjustment expense:	14,000	(1,212,000)	412,000	678,000	505,000
Ending Reserves:	$ 44,563,000	$ 44,138,000	$ 46,121,000	$ 45,443,000	$ 44,938,000

Assumed Reinsurance - Environmental	2004	2005	2006	2007	2008
Beginning reserves:	$ -	$ -	$ -	$ -	$ -
Incurred losses & loss adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	$ -	$ -	$ -	$ -	$ -

Net of Ceded Reinsurance - Environmental	2004	2005	2006	2007	2008
Beginning reserves:	$ 10,938,000	$ 14,626,000	$ 17,458,000	$ 18,965,000	$ 18,976,000
Incurred losses & loss adjustment expense:	3,600,000	3,163,000	1,679,000	368,000	507,000
Calendar year payments for losses & loss adjustment expense:	(88,000)	331,000	172,000	357,000	174,000
Ending Reserves:	$ 14,626,000	$ 17,458,000	$ 18,965,000	$ 18,976,000	$ 19,309,000

Included in reserves above, the Company holds IBNR and/or bulk reserves. It held such reserves in the amount of $124,563,000 (Asbestos) and $30,722,000 (Environmental) on a direct basis and $55,265,000 (Asbestos) and $13,331,000 (Environmental) on a net basis at December 31, 2008.

Included in the reserves above, the Company holds future allocated loss adjustment expense reserves. It held such reserves in the amount of $46,686,000 (Asbestos) and $9,293,000 (Environmental) on a direct basis and $16,112,000 (Asbestos) and $3,415,000 (Environmental) on a net basis at December 31, 2008.

Note 33 – Subscriber Savings Accounts – Not Applicable

Note 34 – Multi Peril Crop Insurance – Not Applicable

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. 12/31/2008

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

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control .....%

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
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 [ ] No [X]

11.11 Name of real estate holding company

11.12 Number of parcels involved .....

11.13 Total book/adjusted carrying value .....

11.2 If yes, provide explanation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers $.....0
- 18.12 To stockholders not officers $.....0
- 18.13 Trustees, supreme or grand (Fraternal only) $.....0

18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers $.....0
- 18.22 To stockholders not officers $.....0
- 18.23 Trustees, supreme or grand (Fraternal only) $.....0

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

19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others .....
- 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. $.....24,565,932

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes [ ] 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.

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).
JP Morgan Worldwide Securities Services manages the securities lending program. The amount of market value and collateral value of loaned securities at December 31, 2008 is $113,731,011 and $116,155,643, respectively. The collateral is placed on deposit with JPM and JPM indemnifies the risk.

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

22.5 If answer to 22.4 is yes, report amount of collateral. $.....116,155,643

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

23.21	Subject to repurchase agreements	$.....0
23.22	Subject to reverse repurchase agreements	$.....0
23.23	Subject to dollar repurchase agreements	$.....0
23.24	Subject to reverse dollar repurchase agreements	$.....0
23.25	Pledged as collateral	$.....0
23.26	Placed under option agreements	$.....0
23.27	Letter stock or securities restricted as to sale	$.....0
23.28	On deposit with state or other regulatory body	$.....5,617,061
23.29	Other	$.....0

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [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 Service	1 Chase Manhatten Plaza New York, NY
RBC	200 Bay Street Toronto, Ontario, CANADA

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
RBC	Jones Heward Investment Counsel	Toronto, Ontario, CANADA

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

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	1,032,331,245	1,014,246,471	.....(18,084,774)
28.2 Preferred stocks	.....	.....	0
28.3 Totals	1,032,331,245	1,014,246,471	.....(18,084,774)

28.4 Describe the sources or methods utilized in determining the fair values:
Bonds are priced by the SVO/NAIC or if not available from the SVO, by IDC for computation of fair value.

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? $.....99,817

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	30,145

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

31.1 Amount of payments for legal expenses, if any? $.....2,712

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
Bingham Robinson Maclennan Ehrhardt TEED	2,712

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

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	$.....324,329,030	$.....328,843,764
2.3 Premium Ratio (2.1/2.2)	.....0.0	.....0.0
2.4 Reserve Numerator	$.....0	$.....0
2.5 Reserve Denominator	$.....650,806,940	$.....565,743,262
2.6 Reserve Ratio (2.4/2.5)	.....0.0	.....0.0

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No [ ]
3.2 If yes, state the amount of calendar year premiums written on:
3.21 Participating policies $.....1,505,198
3.22 Non-participating policies $.....618,391,011

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]
4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. .....

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?
Affiliated FM 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 and RMS models developed to model our catastrophe exposure in hurricane and earhquake 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 maximum property insurance loss?
In addition to controlling the Company's exposure by loss prevention engineering, deductibles and limits of liability, we purchase risk and catasrophe 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

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 [ ] No [X]

11.2 If yes, give full information:

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 that 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): $.....67,500,000

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 the amount. 2

GENERAL INTERROGATORIES

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	$77,000
17.12 Unfunded portion of Interrogatory 17.11	$77,000
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	$77,000
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 2008	2 2007	3 2006	4 2005	5 2004
	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)	108	110	110	112	109
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	491,919,999	489,113,497	479,454,142	415,670,418	416,949,361
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	131,018,971	122,909,262	124,335,731	104,363,610	83,264,842
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)				(987)	18,639
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6.	Total (Line 35)	622,939,078	612,022,869	603,789,983	520,033,153	500,232,951
	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)	108	110	110	112	109
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	390,864,386	369,462,413	352,510,253	321,193,085	321,519,804
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	82,711,774	72,562,673	75,469,001	61,156,432	42,564,939
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)				(987)	18,639
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(137,403,380)	(108,347,434)	(80,711,677)	(50,284,316)	(209,491,787)
12.	Total (Line 35)	336,172,888	333,677,762	347,267,687	332,064,326	154,611,704
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	4,383,157	98,612,113	79,975,893	68,149,700	37,000,274
14.	Net investment gain (loss) (Line 11)	55,014,096	58,778,172	49,951,857	42,581,023	28,367,348
15.	Total other income (Line 15)	(184,640)	(37,712)	(733,735)	(107,059)	(60,476)
16.	Dividends to policyholders (Line 17)	308,880	292,967	269,267	245,702	222,028
17.	Federal and foreign income taxes incurred (Line 19)	26,000,418	56,078,535	49,681,265	41,900,095	24,091,686
18.	Net income (Line 20)	32,903,315	100,981,071	79,243,483	68,477,867	40,993,432
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	1,470,531,711	1,361,223,254	1,275,125,439	1,112,345,376	949,589,557
20.	Premiums and considerations (Page 2, Col. 3):					
	20.1 In course of collection (Line 13.1)	96,379,617	91,528,924	97,393,017	91,740,133	90,308,002
	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)	774,996,920	685,718,337	703,133,042	623,084,427	529,575,590
22.	Losses (Page 3, Line 1)	361,473,939	296,032,596	306,447,495	263,595,807	204,253,047
23.	Loss adjustment expenses (Page 3, Line 3)	40,074,157	35,961,512	39,287,444	30,047,782	30,797,164
24.	Unearned premiums (Page 3, Line 9)	240,806,200	228,962,342	224,128,345	203,188,035	183,247,603
25.	Capital paid up (Page 3, Lines 28 & 29)	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000
26.	Surplus as regards policyholders (Page 3, Line 35)	695,534,791	675,504,917	571,992,397	489,260,949	420,013,967
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	77,802,749	104,231,654	162,153,832	168,474,835	41,955,482
	Risk-Based Capital Analysis					
28.	Total adjusted capital	695,534,791	675,504,916	571,992,397	489,260,949	420,013,967
29.	Authorized control level risk-based capital	44,782,387	55,990,667	54,774,532	57,645,229	47,998,193
	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)	84.8	96.8	92.7	92.6	93.6
31.	Stocks (Lines 2.1 & 2.2)	2.3	2.5	2.6	2.7	2.7
32.	Mortgage loans on real estate (Lines 3.1 & 3.2)					
33.	Real estate (Lines 4.1, 4.2 & 4.3)					
34.	Cash, cash equivalents and short-term investments (Line 5)	12.9	0.5	4.6	4.5	3.3
35.	Contract loans (Line 6)					
36.	Other invested assets (Line 7)					
37.	Receivable for securities (Line 8)	0.0	0.2	0.1	0.3	0.4
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)					
43.	Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10)					
44.	Affiliated mortgage loans on real estate					
45.	All other affiliated					
46.	Total of above lines 40 to 45	0	0	0	0	0
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)	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2008	2 2007	3 2006	4 2005	5 2004
	Capital and Surplus Accounts (Page 4)					
48.	Net unrealized capital gains (losses) (Line 24)	(6,687,756)	(503,779)	1,358,579	2,658,274	(5,695,606)
49.	Dividends to stockholders (Line 35)	(507,500)	(507,500)	(507,500)	(507,500)	(507,500)
50.	Change in surplus as regards policyholders for the year (Line 38)	20,029,875	103,512,519	82,731,447	69,246,983	219,590,275
	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)	21,895,043	7,964,776	20,899,070	4,288,404	6,808,799
52.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	216,893,901	226,498,648	204,566,011	138,546,992	98,293,912
53.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	45,255,930	61,606,062	42,703,585	19,306,015	58,851,464
54.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(24,078)	44,931	207,066	6,284,382	3,723,615
55.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	167,483	32,334	36,846		105,154
56.	Total (Line 35)	284,188,279	296,146,751	268,412,578	168,425,793	167,782,944
	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)	8,739,871	(2,214,513)	9,335,842	44,494	3,702,013
58.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	145,470,060	158,102,161	130,689,422	100,327,542	68,761,388
59.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	31,452,751	44,789,342	27,977,930	9,744,315	44,583,987
60.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(448,297)	61,088	207,066	3,438,382	3,418,655
61.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(16,873,287)	(59,568,719)	(55,956,210)	(16,845,478)	(65,526,216)
62.	Total (Line 35)	168,341,098	141,169,359	112,254,050	96,709,255	54,939,827
	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)	72.1	39.8	47.5	50.0	43.6
65.	Loss expenses incurred (Line 3)	5.5	4.8	3.8	3.4	6.0
66.	Other underwriting expenses incurred (Line 4)	21.1	25.4	24.2	24.8	24.0
67.	Net underwriting gain (loss) (Line 8)	1.4	30.0	24.5	21.8	26.4
	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 35 x 100.0)	20.4	25.1	22.9	23.4	21.8
69.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	77.6	44.6	51.3	53.4	49.6
70.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 35, Col. 1 x 100.0)	48.3	49.4	60.7	67.9	36.8
	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)	(63,094)	(22,320)	59,960	(18,525)	46,094
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)	(9.3)	(3.9)	12.3	(4.4)	23.0
	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)	(51,824)	59,097	23,330	40,964	108,548
74.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(9.1)	12.1	5.6	20.4	63.9

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	21,363	13,233	3,853	1,150	737	(4)	3	11,574	XXX
2. 1999	102,585	78,105	24,480	66,292	44,199	2,197	1,982	5,488	1,093	1,444	26,703	XXX
3. 2000	137,058	109,274	27,784	86,285	83,660	1,172	3,750	7,189	1,965	2,801	5,270	XXX
4. 2001	194,879	164,152	30,727	131,599	112,845	4,276	1,948	10,271	1,950	10,171	29,403	XXX
5. 2002	352,841	287,756	65,085	112,744	156,077	3,511	4,079	9,842	8,819	5,292	(42,877)	XXX
6. 2003	460,612	384,128	76,484	155,083	182,529	1,170	2,118	11,380	8,886	2,958	(25,900)	XXX
7. 2004	499,313	359,245	140,068	146,908	124,994	2,604	6,186	14,083	23,375	2,201	9,040	XXX
8. 2005	498,033	185,908	312,125	324,453	161,557	6,207	625	18,072	6,394	2,931	180,156	XXX
9. 2006	572,452	246,126	326,327	180,742	104,111	3,432	4,241	16,561	15,150	3,002	77,233	XXX
10. 2007	612,522	283,678	328,844	204,091	110,464	503	1,362	19,733	6,732	2,025	105,770	XXX
11. 2008	614,834	290,505	324,329	126,249	30,364	198	4,433	14,156	11,154	639	94,652	XXX
12. Totals	XXX	XXX	XXX	1,555,808	1,124,033	29,124	31,874	127,513	85,513	33,467	471,026	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 Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
	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		
1. Prior	83,319	47,153	189,185	105,524	18,258	12,063	42,602	28,146	1,601			142,079	XXX
2. 1999	0				0							0	XXX
3. 2000	2				2							4	XXX
4. 2001	124				1							124	XXX
5. 2002	1,511	1,044	2,594		0							3,061	XXX
6. 2003	111	15			3							99	XXX
7. 2004	2,740	1,849			5							896	XXX
8. 2005	3,181	904	6		108	24			238	54		2,552	XXX
9. 2006	4,223	542	24		142	31			308	71		4,054	XXX
10. 2007	27,711	7,461	11,810	4,449	905	240			2,418	559	690	30,136	XXX
11. 2008	171,647	28,437	72,335	11,670	5,164	1,406			14,193	3,281	4,925	218,545	XXX
12. Totals	294,569	87,405	275,954	121,643	24,589	13,762	42,602	28,146	18,758	3,965	5,615	401,551	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	119,827	22,252
2. 1999	73,977	47,274	26,703	72.1	60.5	109.1			12.00	0	0
3. 2000	94,650	89,376	5,274	69.1	81.8	19.0			12.00	2	2
4. 2001	146,271	116,743	29,527	75.1	71.1	96.1			12.00	124	1
5. 2002	130,203	170,019	(39,815)	36.9	59.1	(61.2)			12.00	3,061	0
6. 2003	167,748	193,548	(25,800)	36.4	50.4	(33.7)			12.00	96	3
7. 2004	166,340	156,404	9,936	33.3	43.5	7.1			12.00	891	5
8. 2005	352,266	169,558	182,708	70.7	91.2	58.5			12.00	2,283	269
9. 2006	205,432	124,145	81,287	35.9	50.4	24.9			12.00	3,705	348
10. 2007	267,171	131,265	135,906	43.6	46.3	41.3			12.00	27,611	2,524
11. 2008	403,942	90,745	313,197	65.7	31.2	96.6			12.00	203,875	14,670
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	361,476	40,075

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 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	11 One Year	12 Two Year
1. Prior	39,788	61,351	70,185	118,454	161,211	225,448	224,226	266,080	265,217	265,559	342	(521)
2. 1999	22,992	24,252	23,422	24,666	23,773	22,861	22,308	22,308	22,308	22,308	0	0
3. 2000	XXX	(8,440)	(1,399)	5,662	5,166	1,197	50	50	50	50	0	0
4. 2001	XXX	XXX	9,418	23,958	27,513	24,612	21,206	21,206	21,206	21,206	(1)	(1)
5. 2002	XXX	XXX	XXX	(39,875)	(36,854)	(32,705)	(33,973)	(33,973)	(33,973)	(40,839)	(6,866)	(6,866)
6. 2003	XXX	XXX	XXX	XXX	(16,251)	(30,761)	(28,295)	(28,295)	(28,295)	(28,294)	0	0
7. 2004	XXX	XXX	XXX	XXX	XXX	32,623	19,228	19,228	19,228	19,228	(0)	(0)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	175,720	193,825	193,825	170,846	(22,980)	(22,980)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	101,096	79,639	79,639	0	(21,457)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	154,636	121,046	(33,590)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	299,283	XXX	XXX
										12. Totals	(63,094)	(51,824)

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 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	11,116	24,841	52,858	61,798	102,485	101,995	114,469	114,247	125,080	XXX	XXX
2. 1999	1,531	15,147	19,757	22,913	23,293	22,691	22,152	22,218	22,308	22,309	XXX	XXX
3. 2000	XXX	(32,537)	(8,534)	(726)	1,160	1,049	45	46	46	47	XXX	XXX
4. 2001	XXX	XXX	(36,223)	(3,374)	13,737	19,937	19,521	19,990	20,360	21,082	XXX	XXX
5. 2002	XXX	XXX	XXX	(89,776)	(62,925)	(49,345)	(46,494)	(43,938)	(43,933)	(43,900)	XXX	XXX
6. 2003	XXX	XXX	XXX	XXX	(75,195)	(44,246)	(31,769)	(29,570)	(29,239)	(28,393)	XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX	(37,916)	6,389	15,619	16,671	18,331	XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	41,958	134,764	186,782	168,479	XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(6,455)	61,050	75,823	XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,161	92,770	XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	91,649	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 1999	2 2000	3 2001	4 2002	5 2003	6 2004	7 2005	8 2006	9 2007	10 2008
1. Prior	13,894	29,070	24,879	37,729	80,242	102,676	89,715	113,428	111,302	98,117
2. 1999	2,018	907	302	1						
3. 2000	XXX	2,473	537	3,759	4,003					
4. 2001	XXX	XXX	5,851	9,545	4,339	2,305				
5. 2002	XXX	XXX	XXX	15,714	8,739	10,182	10,182	9,235	9,377	2,594
6. 2003	XXX	XXX	XXX	XXX	14,891	3,444	515	298		
7. 2004	XXX	XXX	XXX	XXX	XXX	16,235	3,071	711	286	
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	41,145	20,088	4,823	6
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,573	6,233	24
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	44,796	7,361
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60,665

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken: 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	L	5,238,366	5,435,391	952	430,900	248,434	183,215		
2. Alaska AK	L	2,649,053	3,510,632		19,084	265			
3. Arizona AZ	L	5,779,578	6,416,481	344	13,759,195	24,547,598	11,959,597		
4. Arkansas AR	L	4,323,136	5,902,102	169	4,637,028	8,272,319	4,968,671		
5. California CA	L	90,283,518	87,805,848	45,815	31,460,479	24,938,471	27,886,642		
6. Colorado CO	L	3,756,091	4,080,863	1,478	379,769	501,464	1,189,086		
7. Connecticut CT	L	3,957,974	3,731,459	4,030	561,371	(121,005)	2,697,410		
8. Delaware DE	L	592,526	540,986	152	270	(41,294)	11		
9. District of Columbia DC	L	2,540,331	2,528,610		242,166	334,916	344,347		
10. Florida FL	L	20,393,841	22,346,288	15,524	11,614,006	725,395	557,440		
11. Georgia GA	L	9,820,077	9,435,157	347	3,237,509	6,442,464	3,977,030		
12. Hawaii HI	L	1,102,466	1,257,929		26,000	18,121			
13. Idaho ID	L	2,489,188	2,152,467	1,842	232,548	(480,789)	25,619		
14. Illinois IL	L	22,814,373	23,021,861	2,498	13,764,313	43,318,202	47,378,895		
15. Indiana IN	L	8,071,990	8,863,748	426	10,339,848	6,245,863	5,210,432		
16. Iowa IA	L	2,051,478	1,625,234		8,237,835	7,694,197	2,997,152		
17. Kansas KS	L	1,925,333	2,551,880	612	4,135,338	7,717,423	10,207,354		
18. Kentucky KY	L	3,492,593	3,615,432	580	1,335,623	2,789,786	2,769,115		
19. Louisiana LA	L	8,177,800	8,344,609		5,209,029	(743,870)	4,290,404		
20. Maine ME	L	783,575	820,518	2,517	201,493	89,920	37,427		
21. Maryland MD	L	4,181,866	4,078,860	607	920,531	1,477,751	1,484,997		
22. Massachusetts MA	L	17,306,206	17,176,210	91,981	11,690,880	(2,433,078)	17,930,789		
23. Michigan MI	L	8,061,720	7,902,712	1,847	3,657,608	9,177,733	40,833,153		
24. Minnesota MN	L	6,599,507	7,114,830	3,444	5,349,107	10,020,115	6,984,993		
25. Mississippi MS	L	6,021,140	5,850,250		2,291,127	699,334	1,926,292		
26. Missouri MO	L	12,984,691	12,441,961	4,729	4,006,755	5,418,055	4,455,179		
27. Montana MT	L	1,051,613	1,026,976		19,353	(68,384)			
28. Nebraska NE	L	786,544	719,907		444,074	(93,051)	330,481		
29. Nevada NV	L	11,662,381	11,597,210	1,238	1,843,619	(130,455)	1,625,151		
30. New Hampshire NH	L	771,473	876,512	2,442	110,211	(6,637)	1,153		
31. New Jersey NJ	L	20,484,141	19,702,206	14,153	3,462,711	10,387,493	15,222,606		
32. New Mexico NM	L	2,280,053	2,264,578		394,195	(911,669)	329,646		
33. New York NY	L	53,731,552	49,189,185	4,763	20,233,811	(17,417,009)	139,215,656		
34. North Carolina NC	L	9,440,841	8,746,143	1,614	1,784,730	1,376,697	1,586,547		
35. North Dakota ND	L	837,525	668,143		23,255	345,236	321,981		
36. Ohio OH	L	13,873,222	14,281,584	3,680	5,918,249	(4,780,325)	37,518,138		
37. Oklahoma OK	L	3,037,184	2,925,271		1,478,081	2,321,189	1,669,698		
38. Oregon OR	L	18,079,109	19,633,231	894	5,402,133	4,527,879	5,712,191		
39. Pennsylvania PA	L	13,866,884	13,202,749	8,063	5,037,813	11,036,898	12,983,250		
40. Rhode Island RI	L	3,283,188	3,216,947	73,229	826,641	(991,725)	2,047,983		
41. South Carolina SC	L	3,744,556	3,617,151	1,548	669,569	849,096	896,275		
42. South Dakota SD	L	501,358	487,755			(112,710)			
43. Tennessee TN	L	11,960,539	11,967,606		5,351,936	5,410,883	2,563,397		
44. Texas TX	L	36,604,568	37,268,442		28,292,554	73,695,916	56,748,529		
45. Utah UT	L	8,683,811	7,638,315		850,617	156,087	697,072		
46. Vermont VT	L	656,082	581,787	213	26,255	(116,181)	40,955		
47. Virginia VA	L	6,061,963	5,714,841	3,964	2,289,441	2,657,903	2,642,802		
48. Washington WA	L	48,110,973	44,032,953	4,208	15,328,792	26,103,358	22,703,025		
49. West Virginia WV	L	320,532	437,051		31,187	31,187			
50. Wisconsin WI	L	5,673,726	5,770,441	777	2,030,797	803,467	1,418,878		
51. Wyoming WY	L	240,733	601,973		112,140	2,140			
52. American Samoa AS	N								
53. Guam GU	L								
54. Puerto Rico PR	L	936,419	928,684						
55. US Virgin Islands VI	L		181						
56. Northern Mariana Islands MP	L								
57. Canada CN	L	87,437,827	85,994,697	8,200	43,189,937	46,740,216	56,363,320		
58. Aggregate Other Alien OT	XXX	378,993	124,733	0	34,864	33,989	130	0	0
59. Totals	(a) 55	619,896,209	611,769,574	308,880	282,926,781	318,709,276	562,934,116	0	0

DETAILS OF WRITE-INS

5801.	XXX	378,993	124,733		34,864	33,989	130		
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX	378,993	124,733	0	34,864	33,989	130	0	0

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

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

All premiums are allocated to the location of the property insured.

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.
None	Mexico	FM Global de Mexico S.A. de C.V.	AA-2730043	100%	0%	Factory Mutual Insurance Company

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

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