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ANNUAL STATEMENT

For the Year Ended December 31, 2008

of the Condition and Affairs of the

FACTORY MUTUAL INSURANCE COMPANY

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

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

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

Statutory Home Office	1301 Atwood Avenue….. Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	1301 Atwood Avenue….. Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	401-275-3000 *(Area Code) (Telephone Number)*
Mail Address	P.O. Box 7500….. Johnston ..... RI ..... 02919-0500 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	1301 Atwood Avenue….. Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	401-275-3000 *(Area Code) (Telephone Number)*
Internet 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	Jeanne Ruth Lieb	Senior Vice President
Paul Edward LaFleche	Senior Vice President	John James Pomeroy	Senior Vice President
Enzo Rebula	Senior Vice President		

DIRECTORS OR TRUSTEES

David Boyd Burritt	Walter Joseph Galvin	Mary Lynch Howell	John Anderson Luke, Jr
Gracia Catherine Martore	Robert Joseph O'Toole	David Pulman	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)	2,552,973,493		2,552,973,493	2,546,925,752
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	4,337,440,608		4,337,440,608	6,289,890,954
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	578
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)	2,454,872		2,454,872	2,538,253
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....134,335,008, Sch. E-Part 1), cash equivalents ($.....1,098,196, Sch. E-Part 2) and short-term investments ($.....269,355,109, Sch. DA)	404,788,313		404,788,313	90,852,574
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)	261,952,897		261,952,897	248,120,516
8. Receivables for securities	220,418		220,418	1,250,750
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	7,559,830,601	0	7,559,830,601	9,179,579,377
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	38,301,225		38,301,225	35,641,265
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	324,840,394	1,880,373	322,960,021	421,773,036
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	121,086,740		121,086,740	175,185,339
14.2 Funds held by or deposited with reinsured companies	31,511,052		31,511,052	27,076,036
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon	61,424,947		61,424,947	
16.2 Net deferred tax asset	302,307,000		302,307,000	
17. Guaranty funds receivable or on deposit	4,222,163		4,222,163	2,462,040
18. Electronic data processing equipment and software	6,074,239		6,074,239	6,033,224
19. Furniture and equipment, including health care delivery assets ($.....0)	14,972,777	14,972,777	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	3,353,161
21. Receivables from parent, subsidiaries and affiliates	14,349,203	14,349,203	0	
22. Health care ($.....0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	742,941,546	588,054,247	154,887,299	110,820,855
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	9,221,861,888	619,256,600	8,602,605,288	9,961,924,333
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	9,221,861,888	619,256,600	8,602,605,288	9,961,924,333

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Pension Asset	444,433,538	444,433,538	0	
2302. Post Retirement	49,326,847	49,326,847	0	
2303. CSV Life Insurance	66,471,833		66,471,833	61,119,323
2398. Summary of remaining write-ins for Line 23 from overflow page	182,709,328	94,293,862	88,415,466	49,701,532
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	742,941,546	588,054,247	154,887,299	110,820,855

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	1,936,148,076	1,703,308,204
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	65,547,486	34,066,800
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	177,489,627	161,112,522
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	183,679,895	202,103,848
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	18,312,007	19,328,178
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))	19,138,767	18,220,187
7.2	Net deferred tax liability		348,858,000
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 $.....261,390,041 and including warranty reserves of $.....0)	1,184,540,429	1,246,422,466
10.	Advance premium	13,452,305	10,578,029
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	115,007,149	160,432,952
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	27,820,561	45,159,346
14.	Amounts withheld or retained by company for account of others	6,265,440	9,392,003
15.	Remittances and items not allocated	253,742	82,269
16.	Provision for reinsurance (Schedule F, Part 7)	18,496,524	25,350,980
17.	Net adjustments in assets and liabilities due to foreign exchange rates	63,743,829	
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	1,059,814	180,436,627
20.	Payable for securities	2,684,274	3,723,744
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $.....0 and interest thereon $.....0		
23.	Aggregate write-ins for liabilities	34,754,263	22,840,521
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	3,868,394,188	4,191,416,676
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	3,868,394,188	4,191,416,676
27.	Aggregate write-ins for special surplus funds	0	0
28.	Common capital stock		
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
31.	Surplus notes		
32.	Gross paid in and contributed surplus		
33.	Unassigned funds (surplus)	4,732,961,100	5,769,257,657
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)	4,734,211,100	5,770,507,657
36.	TOTALS (Page 2, Line 26, Col. 3)	8,602,605,288	9,961,924,333

DETAILS OF WRITE-INS

2301.	Miscellaneous Accounts Payable	34,754,263	22,840,521
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)	34,754,263	22,840,521
2701.			
2702.			
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page	0	0
2799.	Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.	Guaranty Funds	1,250,000	1,250,000
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	1,250,000	1,250,000

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	2,324,358,045	2,356,713,655
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 35, Column 7)	1,675,440,822	937,073,599
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	127,280,432	113,662,485
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	490,224,161	599,257,414
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	2,292,945,415	1,649,993,498
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	31,412,630	706,720,157
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	179,330,288	174,998,459
10.	Net realized capital gains (losses) less capital gains tax of $.....(280,793,000) (Exhibit of Capital Gains (Losses))	(521,474,437)	214,362,066
11.	Net investment gain (loss) (Lines 9 + 10)	(342,144,149)	389,360,525
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....0 amount charged off $.....57,133)	(57,133)	(175,479)
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	652,456	(1,109,175)
15.	Total other income (Lines 12 through 14)	595,323	(1,284,654)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(310,136,196)	1,094,796,028
17.	Dividends to policyholders		
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(310,136,196)	1,094,796,028
19.	Federal and foreign income taxes incurred	286,091,172	258,961,249
20.	Net income (Line 18 minus Line 19) (to Line 22)	(596,227,368)	835,834,779
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	5,770,507,657	5,016,704,948
22.	Net income (from Line 20)	(596,227,368)	835,834,779
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $.....(385,816,000)	(656,727,603)	11,279,459
25.	Change in net unrealized foreign exchange capital gain (loss)	(67,096,990)	43,670,965
26.	Change in net deferred income tax	265,349,000	14,348,000
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3)	(46,287,916)	(140,599,675)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	6,854,456	(2,393,684)
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	57,839,864	(8,337,136)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(1,036,296,557)	753,802,708
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	4,734,211,100	5,770,507,657

DETAILS OF WRITE-INS

0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401.	Miscellaneous expense	(18,583)	(1,389)
1402.	Balances Charged off	254,584	(19,189)
1403.	Loss on foreign exchange	416,455	(1,088,597)
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)	652,456	(1,109,175)
3701.	Foreign Exchange & Other Adjustments	57,839,864	(8,337,136)
3702.	Interest on prior year federal and foreign income taxes		
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)	57,839,864	(8,337,136)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	2,318,111,053	2,387,284,792
2. Net investment income	241,930,263	172,027,637
3. Miscellaneous income	595,323	(1,284,663)
4. Total (Lines 1 through 3)	2,560,636,639	2,558,027,766
5. Benefit and loss related payments	1,400,780,347	1,091,138,702
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	622,327,735	670,459,546
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	65,804,539	362,110,393
10. Total (Lines 5 through 9)	2,088,912,622	2,123,708,641
11. Net cash from operations (Line 4 minus Line 10)	471,724,017	434,319,125
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	899,732,223	951,846,309
12.2 Stocks	800,918,392	1,000,807,712
12.3 Mortgage loans	578	2,115
12.4 Real estate		
12.5 Other invested assets	21,165,110	31,413,865
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(205,281)	(186,646)
12.7 Miscellaneous proceeds	1,030,332	20,625,214
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,722,641,354	2,004,508,569
13. Cost of investments acquired (long-term only):		
13.1 Bonds	960,438,269	1,267,438,200
13.2 Stocks	624,547,635	1,518,546,061
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	58,057,047	105,763,760
13.6 Miscellaneous applications	1,039,470	29,962,695
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,644,082,421	2,921,710,716
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)	78,558,934	(917,202,147)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(236,347,212)	80,356,946
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(236,347,212)	80,356,946
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)	313,935,739	(402,526,076)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	90,852,574	493,378,650
19.2 End of year (Line 18 plus Line 19.1)	404,788,313	90,852,574

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	482,030,659	265,596,342	250,525,414	497,101,587
2.	Allied lines	866,922,458	477,286,909	458,192,615	886,016,752
3.	Farmowners multiple peril				0
4.	Homeowners multiple peril				0
5.	Commercial multiple peril				0
6.	Mortgage guaranty				0
8.	Ocean marine	336,498	330,286	172,889	493,895
9.	Inland marine	427,496,759	289,383,713	264,745,667	452,134,805
10.	Financial guaranty				0
11.1	Medical malpractice - occurrence				0
11.2	Medical malpractice - claims-made				0
12.	Earthquake				0
13.	Group accident and health				0
14.	Credit accident and health (group and individual)				0
15.	Other accident and health				0
16.	Workers' compensation				0
17.1	Other liability - occurrence				0
17.2	Other liability - claims-made				0
18.1	Products liability - occurrence				0
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability				0
19.3, 19.4	Commercial auto liability				0
21.	Auto physical damage				0
22.	Aircraft (all perils)				0
23.	Fidelity				0
24.	Surety				0
26.	Burglary and theft				0
27.	Boiler and machinery	401,689,313	213,825,216	210,903,844	404,610,685
28.	Credit				0
29.	International				0
30.	Warranty				0
31.	Reinsurance - nonproportional assumed property	84,000,322			84,000,322
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	2,262,476,009	1,246,422,466	1,184,540,429	2,324,358,045

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	250,525,414				250,525,414
2.	Allied lines	458,192,615				458,192,615
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril					0
5.	Commercial multiple peril					0
6.	Mortgage guaranty					0
8.	Ocean marine	172,889				172,889
9.	Inland marine	264,745,667				264,745,667
10.	Financial guaranty					0
11.1	Medical malpractice - occurrence					0
11.2	Medical malpractice - claims-made					0
12.	Earthquake					0
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation					0
17.1	Other liability - occurrence					0
17.2	Other liability - claims-made					0
18.1	Products liability - occurrence					0
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability					0
19.3, 19.4	Commercial auto liability					0
21.	Auto physical damage					0
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft					0
27.	Boiler and machinery	210,903,844				210,903,844
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	1,184,540,429	0	0	0	1,184,540,429
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (sum of Lines 35 through 37)					1,184,540,429

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:

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	479,918,375	100,423,982	28,836,145	798,436	126,349,407	482,030,659
2.	Allied lines	865,610,305	186,196,934	50,859,708	1,480,386	234,264,103	866,922,458
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril						0
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine	367,771			995	30,278	336,498
9.	Inland marine	543,355,002	62,287,410	31,472,735	878,134	208,740,254	427,496,759
10.	Financial guaranty						0
11.1	Medical malpractice - occurrence						0
11.2	Medical malpractice - claims-made						0
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation						0
17.1	Other liability - occurrence						0
17.2	Other liability - claims-made						0
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability						0
19.3, 19.4	Commercial auto liability						0
21.	Auto physical damage						0
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety						0
26.	Burglary and theft						0
27.	Boiler and machinery	269,222,168	80,461,953	125,383,604	498,049	72,880,363	401,689,313
28.	Credit						0
29.	International						0
30.	Warranty						0
31.	Reinsurance - nonproportional assumed property	XXX	137,413,381	5,349	53,418,408		84,000,322
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	2,158,473,621	566,783,660	236,557,541	57,074,408	642,264,405	2,262,476,009

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	811,941,403	156,979,398	409,397,558	559,523,243	477,713,645	508,267,528	528,969,360	106.4
2.	Allied lines	281,350,373	5,110,391	(24,629,883)	311,090,647	229,864,168	199,506,306	341,448,509	38.5
3.	Farmowners multiple peril				0			0	
4.	Homeowners multiple peril				0			0	
5.	Commercial multiple peril				0			0	
6.	Mortgage guaranty				0			0	
8.	Ocean marine	9,691,709	4,351,987	11,047,413	2,996,283	17,992,467	52,518,012	(31,529,262)	(6,383.8)
9.	Inland marine	372,762,767	89,447,370	137,077,748	325,132,389	395,987,044	309,524,236	411,595,197	91.0
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		49,172		49,172	424,683	450,921	22,934	
17.1	Other liability - occurrence	45,580,790	13,056,086	65,552,539	(6,915,663)	88,374,544	85,197,003	(3,738,122)	
17.2	Other liability - claims-made				0			0	
18.1	Products liability - occurrence		2,905,397		2,905,397	1,595,424	500,182	4,000,639	
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)	460	(659)	(164,935)	164,736	200,789	3,101,453	(2,735,928)	
23.	Fidelity	(139,861)			(139,861)		5,678,617	(5,818,478)	
24.	Surety				0			0	
26.	Burglary and theft				0			0	
27.	Boiler and machinery	208,688,765	87,792,890	40,798,077	255,683,578	407,934,189	218,580,512	445,037,255	110.0
28.	Credit				0			0	
29.	International				0			0	
30.	Warranty				0			0	
31.	Reinsurance - nonproportional assumed property	XXX	17,040,770	39,049,847	(22,009,077)			(22,009,077)	(26.2)
32.	Reinsurance - nonproportional assumed liability	XXX	42,976,925	28,856,818	14,120,107	316,061,122	319,983,434	10,197,795	
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	1,729,876,406	419,709,727	706,985,183	1,442,600,950	1,936,148,076	1,703,308,204	1,675,440,822	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	300,675,925	162,904,273	76,762,460	386,817,738	72,674,665	18,221,242		477,713,645	25,374,863
2.	Allied lines	214,058,293	13,308,814	55,038,985	172,328,122	57,536,046			229,864,168	16,820,705
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril				0				0	
5.	Commercial multiple peril				0				0	
6.	Mortgage guaranty				0				0	
8.	Ocean marine	13,607,765	1,429,085	11,357,146	3,679,704	20,709,531	20,090,832	26,487,600	17,992,467	1,460,159
9.	Inland marine	281,894,947	112,394,791	75,980,443	318,309,295	64,001,392	15,556,561	1,880,204	395,987,044	21,357,061
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		424,683		424,683				424,683	7,040
17.1	Other liability - occurrence	89,183,673	15,047,553	69,754,581	34,476,645	137,605,477	79,000,182	162,707,760	88,374,544	35,558,570
17.2	Other liability - claims-made				0				0	
18.1	Products liability - occurrence		1,595,424		1,595,424				1,595,424	
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)	158,224	9,203	102,067	65,360	244,131	129,378	238,080	200,789	175,696
23.	Fidelity				0				0	
24.	Surety				0				0	
26.	Burglary and theft				0				0	
27.	Boiler and machinery	251,487,623	119,613,109	41,498,885	329,601,847	70,299,398	8,032,944		407,934,189	17,589,454
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	179,855,965	52,736,159	127,119,806	XXX	281,782,154	92,840,838	316,061,122	59,146,079
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	1,151,066,451	606,582,900	383,230,726	1,374,418,625	423,070,640	422,813,293	284,154,482	1,936,148,076	177,489,627

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	33,990,067			33,990,067
1.2 Reinsurance assumed	61,705,820			61,705,820
1.3 Reinsurance ceded	1,044,542			1,044,542
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	94,651,345	0	0	94,651,345
2. Commission and brokerage:				
2.1 Direct, excluding contingent				0
2.2 Reinsurance assumed, excluding contingent		160,983,797		160,983,797
2.3 Reinsurance ceded, excluding contingent		77,616,630		77,616,630
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	83,367,167	0	83,367,167
3. Allowances to manager and agents				0
4. Advertising	5,774	12,318,939		12,324,713
5. Boards, bureaus and associations		479,823		479,823
6. Surveys and underwriting reports	11,342	9,431,649		9,442,991
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	15,996,018	168,349,491	1,744,152	186,089,661
8.2 Payroll taxes	953,007	10,514,097	71,004	11,538,108
9. Employee relations and welfare	4,550,762	59,762,982	535,509	64,849,253
10. Insurance		4,616,469	512	4,616,981
11. Directors' fees		1,986,520		1,986,520
12. Travel and travel items	4,511,732	32,047,675	37,052	36,596,459
13. Rent and rent items	2,174,411	32,066,366	406,594	34,647,371
14. Equipment	68,631	9,292,691		9,361,322
15. Cost or depreciation of EDP equipment and software	78,261	16,502,835	23,981	16,605,077
16. Printing and stationery	282,849	5,818,809	35,329	6,136,987
17. Postage, telephone and telegraph, exchange and express	375,983	3,860,299	20,007	4,256,289
18. Legal and auditing	3,311,787	3,626,091		6,937,878
19. Totals (Lines 3 to 18)	32,320,557	370,674,736	2,874,140	405,869,433
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.....465,278		54,213,215		54,213,215
20.2 Insurance department licenses and fees		1,002,753		1,002,753
20.3 Gross guaranty association assessments		3,462,158		3,462,158
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	58,678,126	0	58,678,126
21. Real estate expenses			75,180	75,180
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	308,530	(22,495,868)	7,989,564	(14,197,774)
25. Total expenses incurred	127,280,432	490,224,161	10,938,884	(a) 628,443,477
26. Less unpaid expenses - current year	177,489,627	201,991,902		379,481,529
27. Add unpaid expenses - prior year	161,112,522	221,432,026		382,544,548
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)	110,903,327	509,664,285	10,938,884	631,506,496

DETAILS OF WRITE-INS

2401. Bank Activity Fees	653	160,172	376,553	537,378
2402. Investment Management Fees			7,425,202	7,425,202
2403. Miscellaneous	(9,970)	6,583,694	(5,745)	6,567,979
2498. Summary of remaining write-ins for Line 24 from overflow page	317,847	(29,239,734)	193,554	(28,728,333)
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	308,530	(22,495,868)	7,989,564	(14,197,774)

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 37,488,847	36,911,381
1.1	Bonds exempt from U.S. tax	(a) 38,709,498	40,224,144
1.2	Other bonds (unaffiliated)	(a) 50,048,000	51,440,552
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	81,480,631	81,807,808
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 75,180	75,180
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 9,937,292	9,950,952
7.	Derivative instruments	(f)	
8.	Other invested assets	455,294	455,295
9.	Aggregate write-ins for investment income	1,214,949	1,214,949
10.	Total gross investment income	219,409,691	222,080,261
11.	Investment expenses		(g) 10,938,884
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 31,727,708
14.	Depreciation on real estate and other invested assets		(i) 83,381
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		42,749,973
17.	Net investment income (Line 10 minus Line 16)		179,330,288

DETAILS OF WRITE-INS

0901.	Interest Income on Securities Lending	320,775	320,775
0902.	Misc. Interest Income	712,444	712,444
0903.	Interest on IMCA Loan	85,587	85,587
0998.	Summary of remaining write-ins for Line 9 from overflow page	96,143	96,143
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	1,214,949	1,214,949
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....2,131,865 accrual of discount less $.....11,323,552 amortization of premium and less $.....6,515,033 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 $.....573,954 accrual of discount less $.....0 amortization of premium and less $.....6,222 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 $.....83,381 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	2,691,590		2,691,590		
1.1	Bonds exempt from U.S. tax	(1,859,302)		(1,859,302)		
1.2	Other bonds (unaffiliated)	7,957,130	(35,322,220)	(27,365,090)	(18,933,816)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	(113,318,440)	(657,987,327)	(771,305,767)	(1,006,620,197)	
2.21	Common stocks of affiliates			0	1,846,372	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(205,281)		(205,281)		
7.	Derivative instruments			0		
8.	Other invested assets	3,480,496	(7,704,086)	(4,223,590)	(18,835,963)	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(101,253,807)	(701,013,633)	(802,267,440)	(1,042,543,604)	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	1,880,373	1,253,929	(626,444)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets	14,972,777	15,121,670	148,893
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates	14,349,203	13,022,062	(1,327,141)
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	588,054,247	543,571,023	(44,483,224)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	619,256,600	572,968,684	(46,287,916)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	619,256,600	572,968,684	(46,287,916)

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301. Pension Asset	444,433,538	444,576,646	143,108
2302. Post Retirement Asset	49,326,847	52,501,541	3,174,694
2303. Prepaid Expenses	84,224,731	35,845,734	(48,378,997)
2398. Summary of remaining write-ins for Line 23 from overflow page	10,069,132	10,647,102	577,970
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	588,054,247	543,571,023	(44,483,224)

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

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

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

Note 2 – Accounting Changes and Correction of Errors

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

Note 3 – Business Combinations and Goodwill – Not applicable

Note 4 – Discontinued Operations - Not applicable

Note 5 – Investments

A. Mortgage Loans - Not applicable

B. Debt Restructuring - Not applicable

C. Reverse Mortgages - Not applicable

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

E. Repurchase agreements - Not applicable

F. Real Estate - Not applicable

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

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

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

B. Impaired Investments - Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 7 – Investment Income

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

B. Amounts Non-admitted - Not applicable

Note 8 – Derivative Instruments – Not applicable

Note 9 – Income Taxes

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

Description	December 31, 2008	January 1, 2008
Gross deferred tax assets	$ 536,187,000	$ 291,364,000
Gross deferred tax liabilities	233,880,000	640,222,000
Net deferred tax assets	302,307,000	(348,858,000)
Non-admitted deferred tax assets	-	-
Admitted deferred tax assets/(liabilities)	$ 302,307,000	$ (348,858,000)
Increase (decrease) in non-admitted deferred tax assets	$ -	$ -

B. Unrecognized DTLs

The Company has not recognized a deferred tax liability for the undistributed earnings, of its 100 percent owned foreign subsidiaries that arose in 2005 and prior years because the Company does not expect these un-remitted earnings to reverse and become taxable to the Company in the foreseeable future and the calculation of the tax is not practicable. A deferred tax liability will be recognized when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investment. As of December 31, 2008, the undistributed earnings of these subsidiaries were approximately $62,300,000.

C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

Description	2008	2007
Federal	$ 295,016,869	$ 225,027,999
Foreign	(8,925,697)	33,933,250
Realized Capital Gains (Losses) Tax (Benefit)	(280,793,000)	115,426,000
Federal and Foreign income taxes incurred	$ 5,298,172	$ 374,387,249

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	$ 26,994,000	$ 26,776,000	$ 218,000
Unearned Premiums	82,455,000	88,055,000	(5,600,000)
Non-admitted assets	43,495,000	26,262,000	17,233,000
Benefit plan expense	61,227,000	54,938,000	6,289,000
Unrealized investment losses	294,316,000	63,025,000	231,291,000
Other	27,700,000	32,308,000	(4,608,000)
Total deferred tax assets	536,187,000	291,364,000	244,823,000
Non-admitted deferred tax assets	-	-	-
Admitted deferred tax assets	$ 536,187,000	$ 291,364,000	$ 244,823,000
Deferred Tax Liabilities			
Unrealized appreciation	187,485,000	573,301,000	(385,816,000)
Other	46,395,000	66,921,000	(20,526,000)
Total deferred tax liabilities	233,880,000	640,222,000	(406,342,000)
Net admitted deferred tax assets/(liabilities)	$ 302,307,000	$ (348,858,000)	$ 651,165,000

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	$ (206,825,000)	35.0%
Effect of foreign operations	1,108,000	(0.2)%
Tax-exempt interest	(13,622,000)	2.3%
Dividends received deduction net of pro-ration	(12,424,000)	2.1%
Change in non-admitted assets	(17,233,000)	2.6%
Foreign exchange loss	(3,945,000)	0.7%
Other	(7,109,828)	1.3%
Totals	$ (260,050,828)	43.8%
Federal and foreign income taxes incurred	$ 286,091,172	(34.4)%
Realized Capital Gains (Losses) Tax (Benefit)	(280,793,000)	33.5%
Change in net deferred income taxes	(265,349,000)	44.7%
Total statutory income taxes	$ (260,050,828)	43.8%

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (continued from preceding page)

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.

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.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships:

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

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

The Company lists its transactions with affiliates on Schedule Y, Part 2. During 2008 Factory Mutual Insurance Company (NAIC #21482) contributed capital to FMIC Holdings in the amount of $36,169,085. The capital contributions were effectuated to more closely align subsidiary capital structures with current and future operating business requirements. There were no other non-insurance transactions between the Company and any affiliates, which exceeded one-half of 1% of admitted assets.

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

D. Amounts Due to or from Related Parties:

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

E. Guarantees or Contingencies for Related Parties:

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

F. Management, Service Contracts, Cost Sharing Agreements:

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

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

H. Amounts deducted for Investment in Upstream Company

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

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets - Not applicable. Note that the investment in FMIC Holdings, Inc. is valued utilizing the look-through approach as indicated in Item L, below, and none of the values of the SCA entities owned by FMIC Holdings, Inc. exceeds 10% of the admitted assets of the Company.

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

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

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

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

2. The carrying value of the downstream non-insurance company is $1,150,845,864.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

		2008 Pension Benefits	2008 Other Benefits	2007 Pension Benefits	2007 Other Benefits
1.	Change in benefit obligation				
a.	Benefit obligation at B O Y	$ 1,088,721,000	$ 124,069,000	$ 1,037,494,000	$ 131,790,000
b.	Service cost	31,586,000	2,514,000	28,872,000	1,703,000
c.	Interest cost	63,310,000	6,955,000	60,270,000	7,354,000
d.	Contributions by Plan Participants	-	-	-	-
e.	Actuarial (gain) loss	(131,289,000)	(11,685,000)	1,528,000	(5,772,000)
f.	Foreign currency exchange rate changes	-	-	-	-
g.	Benefits paid	(44,994,000)	(10,417,000)	(39,443,000)	(11,006,000)
h.	Plan amendments	-	-	-	-
i.	Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	-	-
j.	Benefit obligation at E O Y	$ 1,007,334,000	$ 111,436,000	$ 1,088,721,000	$ 124,069,000
2.	Change in plan assets				
a.	Fair value of plan assets at B O Y	$ 1,194,373,000	$ 165,409,000	$ 914,873,000	$ 149,885,000
b.	Actual return on plan assets	(190,687,000)	(28,062,000)	138,839,000	20,524,000
c.	Foreign currency exchange rate changes	-	-	-	-
d.	Employer contribution	5,247,000	(15,031,000)	180,104,000	(5,000,000)
e.	Plan participants' contributions	-	-	-	-
f.	Benefits paid	(44,994,000)	(8,374,000)	(39,443,000)	-
g.	Business combinations, divestitures, settlements	-	-	-	-
h.	Fair value at E O Y	$ 963,939,000	$ 113,942,000	$ 1,194,373,000	$ 165,409,000
3.	Funded Status				
a.	Unamortized prior service cost	$ -	$ (433,000)	$ -	$ (520,000)
b.	Unrecognized net (gain) loss	426,502,000	32,183,000	302,268,000	6,918,000
c.	Remaining net obligation of (net asset) at initial date of application	-	19,235,000	-	20,984,000
d.	Fourth quarter contribution	26,367,000	(198,000)	537,000	(12,279,000)
e.	Prepaid assets or (accrued liabilities)	409,475,000	53,293,000	408,458,000	56,443,000
f.	Intangible asset	-	-	-	-
4.	Accumulated Benefit obligation for vested employees	$ 863,747,000	N/A	$ 925,357,000	N/A
5.	Benefit obligation for non-vested employees				
a.	Projected Benefit Obligation	$ 13,678,000	$ 11,648,000	$ 20,021,000	$ 14,740,000
b.	Accumulated Benefit Obligation	$ 11,783,000	N/A	$ 17,040,000	N/A
6.	Components of net periodic benefit cost				
a.	Service cost	$ 31,586,000	$ 2,514,000	$ 28,872,000	$ 1,703,000
b.	Interest cost	63,310,000	6,955,000	60,270,000	7,354,000
c.	Expected return on plan assets	(85,214,000)	(8,887,000)	(66,820,000)	(8,358,000)
d.	Amortization of unrecognized transition obligation or transition asset	-	1,749,000	-	1,749,000
e.	Amount of recognized (gains) and losses	20,378,000	-	25,617,000	1,582,000
f.	Amount of prior service cost recognized	-	(87,000)	-	(87,000)
g.	Amount of (gain) or loss recognized due to a settlement or curtailment	-	-	-	-
h.	Total net periodic benefit cost (income)	$ 30,060,000	$ 2,244,000	$ 47,939,000	$ 3,943,000
7.	Additional minimum liability				
a.	Additional minimum liability	$ 3,307,000	$ -	$ 5,161,000	$ -
b.	Intangible asset	-	-	-	-
c.	Accumulated other comprehensive income The $1,855 change, arising from the change in the additional minimum pension liability recognized, is included in unassigned funds.	$ 3,307,000	$ -	$ 5,161,000	$ -

NOTES TO FINANCIAL STATEMENTS

Note 12 – Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans (continued from preceding page)

8. Weighted average assumptions used to determine net periodic benefit cost as of December 31

a. Discount rate	5.75%	5.75%	5.75%	5.75%
b. Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
c. Expected long-term rate of return on plan asset	7.75%	6.00%	7.75%	6.00%
Weighted average assumptions used to determine projected benefit obligations as of September 30				
d. Discount rate	6.75%	6.75%	5.75%	5.75%
e. Rate of compensation increase	5.00%	5.00%	4.00%	4.00%
Annual rate of increase in the per capita cost of covered health care benefits as of September 30				
f. Healthcare cost trend assumed for next year	N/A	8.50%	N/A	9.00%
g. Ultimate Trend Rate	N/A	5.00%	N/A	5.00%
h. Years to reach Ultimate Trend Rate	N/A	5	N/A	6

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

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

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

	1% Point Increase	1% Point Decrease
a. Effect on total of service and interest cost components	573,000	(502,000)
b. Effect of postretirement benefit obligation	7,092,000	(6,295,000)

12. Information about plan assets:

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

	Percentage of Plan Assets at September 30		
Asset Category	**2008**	**2007**	**Target Allocation**
Equity Securities	72%	66%	67%
Debt Securities	21%	18%	25%
Real Estate	0%	0%	0%
Cash	2%	13%	3%
Other	5%	3%	5%
Total	100%	100%	100%

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

	Percentage of Plan Assets at September 30		
Asset Category	**2008**	**2007**	**Target Allocation**
Equity Securities	89%	83%	85%
Debt Securities	0%	1%	1%
Real Estate	0%	0%	0%
Cash	10%	15%	14%
Other	1%	0%	0%
Total	100%	100%	100%

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

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

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

		Other Benefits	
Year(s)	**Pension Benefits**	**Gross Benefits (before subsidy)**	**Expected Federal Subsidy**
2009	45,119,000	12,657,000	1,279,000
2010	48,109,000	13,112,000	1,357,000
2011	51,839,000	13,324,000	1,441,000
2012	56,142,000	13,304,000	1,545,000
2013	60,584,000	13,323,000	1,644,000
2014-2018	373,550,000	62,961,000	9,435,000

NOTES TO FINANCIAL STATEMENTS

Note 12 – Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans (continued from preceding page)

14. The Company currently intends to make voluntary contributions to the defined benefit pension plan of $26.9 million in 2009. The Company currently does not intend to make voluntary contributions to other postretirement benefit plans in 2009.

B. Defined Contribution Plans –

The Company also sponsors a 401(k) savings plan whereby eligible employees may elect annually to contribute from 1% to 50% of their base pay on a pretax or after-tax basis. Pretax contributions per employee were limited to $16,000 in 2008 and $15,500 in 2007. The Company matches pretax contributions up to 6% of the employee's base pay. Company contributions to the Plan were $11,954,000 in 2008 and $10,836,000 in 2007.

C. Multiemployer Plans - Not applicable

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

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

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

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

1. Outstanding Shares - Not applicable

2. Dividend Rate of Preferred Stock – Not applicable

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

6. Advances to surplus not repaid - Not applicable

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

9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is $535,671. This unrealized gain is not net of the applicable deferred tax liability of $187,485,000.

10. Surplus Notes - Not applicable

11. & 12. Quasi-Reorganizations - Not applicable

13. Dividends Paid - Not applicable

Note 14 – Contingencies

A. Contingent Commitments – Not applicable

B. Guaranty Fund and Other Assessments – Not applicable

C. Gain Contingencies – Not applicable

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

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

Note 15 – Leases

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

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

The lease payments fluctuate over the term of the lease. The payments are larger later in the term. Rent expense is recognized on a pro-rata basis, adjusted for inflation for financial statement purposes. $6,500,255 was paid and expensed as rent in 2008. Future minimum rent payments to be paid in 2009 total $7,120,139.

Regional field offices are leased for periods extending more than one year, and are classified as operating leases. Rent expense for regional field offices was $33,742,048 in 2008. Future minimum rent payments for regional field offices total $63,694,437.

The Company also leases autos, generally for three year terms, and are classified as operating leases. Rent expense for autos was $5,391,331 in 2008. Future minimum rent payments for autos total $13,045,549.

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

NOTES TO FINANCIAL STATEMENTS

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 $68,934,000 and $104,162,000 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, Factory Mutual Insurance Company has no managing general agents.

Note 20 – Other Items

A. Extraordinary items – Not applicable

B. Troubled Debt Restructuring for Debtors – Not applicable

C. Other Disclosures

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

D. Uncollectible Premiums Receivable – Not applicable

E. Business Interruption Insurance Recoveries – Not applicable

F. State Transferable Tax Credits - Not applicable

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

H. Hybrid Securities - Not applicable

I. Subprime Mortgage Related Risk Exposure:

(1) Factory Mutual 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) Factory Mutual Insurance Company's only exposure to subprime bonds is one residential mortgage-backed security.

a. The actual cost of the subprime bond is $2,305,008.
b. The book adjusted carrying value of the subprime bond is $2,316,536.
c. The fair value of the subprime bond is $2,375,897.
d. An other
e. -than-temporary impairment of $2,694,949 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

B. Reinsurance Recoverable in Dispute – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 22 – Reinsurance (continued from preceding page)

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	$ 169,800,935	$ 4,919,201	$ 2,398,144	$ 779,397	$167,402,791	$ 4,139,804
II. All Other	$ 89,269,369	$ 24,177,091	$ 258,991,897	$ 62,406,438	$(169,722,528)	$ (38,229,347)
III. TOTAL	$ 259,070,304	$ 29,096,292	$ 261,390,041	$ 63,185,835	$(2,319,737)	$ (34,089,543)
IV. Direct Unearned Premium Reserve $ 1,186,860,166						

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

D. Uncollectible Reinsurance

The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: 0

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

Reinsurer	Amount
Total	$

E. Commutation of Ceded Reinsurance

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

Statement of Income Account	Amount
Losses Incurred	$ 7,758,163
Loss adjustment expenses incurred	-
Premiums earned	-
Other	-
Total	$ 7,758,163

Company	Amount
English & American	$ 2,533
Terra Nova	(12,325)
Stronghold /Norwich	36,666
Sparkassen-Versicherung	130,516
SCOR Converium Ruck	7,600,773
Total	$ 7,758,163

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 $376,140,000. The decreases in prior years are primarily attributable to reductions of incurred but not reported (IBNR) reserves based on actual experience, and by decreases on a small number of individual losses.

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

NOTES TO FINANCIAL STATEMENTS

Note 25 – Inter-company Pooling Arrangements

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

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

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

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

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

The pooling results are reported in reinsurance lines 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 Policies - Not applicable

Note 29 - Premium Deficiency Reserves - Not applicable

Note 30 – High Deductibles – Not applicable

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

NOTES TO FINANCIAL STATEMENTS

Note 32 – Asbestos and Environmental Reserves

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

Direct - Asbestos	2004	2005	2006	2007	2008
Beginning reserves:	$ 89,483,000	$ 155,183,000	$ 136,052,000	$ 92,554,000	$ 75,187,000
Incurred losses & loss adjustment expense:	69,205,000	4,579,000	-	15,132,000	189,225,000
Calendar year payments for losses & loss adjustment expense:	3,505,000	23,710,000	43,498,000	32,499,000	29,935,000
Ending Reserves:	$ 155,183,000	$ 136,052,000	$ 92,554,000	$ 75,187,000	$ 234,477,000

Assumed Reinsurance – Asbestos	2004	2005	2006	2007	2008
Beginning reserves:	$ 327,438,000	$ 352,760,000	$ 324,468,000	$ 415,304,000	$ 349,874,000
Incurred losses & loss adjustment expense:	59,687,000	949,000	133,782,000	(2,231,000)	118,972,000
Calendar year payments for losses & loss adjustment expense:	34,365,000	29,241,000	42,946,000	63,199,000	44,644,000
Ending Reserves:	$ 352,760,000	$ 324,468,000	$ 415,304,000	$ 349,874,000	$ 424,202,000

Net of Ceded Reinsurance – Asbestos	2004	2005	2006	2007	2008
Beginning reserves:	$ 209,903,000	$ 234,182,000	$ 221,837,000	$ 310,754,000	$ 291,354,000
Incurred losses & loss adjustment expense:	43,222,000	-	105,395,000	5,564,000	36,735,000
Calendar year payments for losses & loss adjustment expense:	18,943,000	12,345,000	16,478,000	24,964,000	18,860,000
Ending Reserves:	$ 234,182,000	$ 221,837,000	$ 310,754,000	$ 291,354,000	$ 309,229,000

Direct – Environmental	2004	2005	2006	2007	2008
Beginning reserves:	$ 41,338,000	$ 84,485,000	$ 75,061,000	$ 53,636,000	$ 47,738,000
Incurred losses & loss adjustment expense:	44,873,000	2,255,000	-	10,109,000	(21,072,000)
Calendar year payments for losses & loss adjustment expense:	1,726,000	11,679,000	21,425,000	16,007,000	14,744,000
Ending Reserves:	$ 84,485,000	$ 75,061,000	$ 53,636,000	$ 47,738,000	$ 11,922,000

Assumed Reinsurance – Environmental	2004	2005	2006	2007	2008
Beginning reserves:	$ 126,152,000	$ 119,740,000	$ 111,944,000	$ 165,579,000	$ 154,100,000
Incurred losses & loss adjustment expense:	4,021,000	465,000	62,330,000	(3,710,000)	(97,134,000)
Calendar year payments for losses & loss adjustment expense:	10,433,000	8,261,000	8,695,000	7,769,000	9,773,000
Ending Reserves:	$ 119,740,000	$ 111,944,000	$ 165,579,000	$ 154,100,000	$ 47,193,000

Net of Ceded Reinsurance – Environmental	2004	2005	2006	2007	2008
Beginning reserves:	$ 98,686,000	$ 108,549,000	$ 104,778,000	$ 152,634,000	$ 146,671,000
Incurred losses & loss adjustment expense:	16,957,000	-	52,331,000	794,000	(92,972,000)
Calendar year payments for losses & loss adjustment expense:	7,094,000	3,771,000	4,475,000	6,757,000	4,958,000
Ending Reserves:	$ 108,549,000	$ 104,778,000	$ 152,634,000	$ 146,671,000	$ 48,741,000

Included in reserves above, the Company holds IBNR and/or bulk reserves. It held such reserves in the amount of $140,225,000 (Asbestos) and $7,129,000 (Environmental) on a direct basis, $250,230,000 (Asbestos) and $14,941,000 (Environmental) on an assumed basis and $188,297,000 (Asbestos) and $21,515,000 (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 $0 (Asbestos) and $0 (Environmental) on a direct basis, $51,579,000 (Asbestos) and $1,511,000 (Environmental) on an assumed basis and $34,537,000 (Asbestos) and $2,002,000 (Environmental) on a net basis at December 31, 2008.

Note 33 – Subscriber Savings Accounts – Not Applicable

Note 34 – Multiple 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, Mass 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, Mass 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 [ ] No [X]
21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. .....

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 Service manages the securities lending program. The market value and collateral amount of the securities on loan as of December 31, 2008 is $68,934,193 and $70,394,944 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. $.....70,394,944
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	$.....5,693,193
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 Services	1 Chase Manhatten Plaza New York, NY
RBC	200 Bay Street Toronto, Ontario

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

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

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

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

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

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

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
58552D 72 1	NEWTON INTERNATIONAL EQUITY	6,930,000
80042# 10 8	BERNSTEIN INTERNATIONAL	45,041,500
61744J 30 9	MORGAN STANLEY SMALL CO GROWTH	24,859,305
61744J 82 0	MORGAN STANLEY INSTL FD	13,310,215
61744J 83 8	MORGAN STANLEY INT'L SMALL CAP	24,801,881
464287 23 4	ISHARES MSCI EMERGING MARKETS	13,483,800
626127 66 6	MUNDER INTERNATIONAL SMALL CAP	57,457,934
626127 71 6	MUNDER INTERNATIONAL CORE EQUITY	34,276,954
922042 85 8	VANGUARD EMERGING MARKET ETF	1,885,600
922042 86 6	VANGUARD PACIFIC ETF	17,528,000
922042 87 4	VANGUARD EUROPEAN ETF	7,672,000
78464A 87 0	SPDR S&P BIOTECH EFT	3,485,300
80042@ AA 8	ALLIANCE BERNSTEIN US STRATEGIC VALUE	14,645,521
27.2999. TOTAL		265,378,010

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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
NEWTON INTERNATIION EQUITY	VODAFONE GROUP PLC	238,253	12/31/2008
NEWTON INTERNATIION EQUITY	BP PLC	227,235	12/31/2008
NEWTON INTERNATIION EQUITY	KDDI CORP	217,741	12/31/2008
NEWTON INTERNATIION EQUITY	ROCOHE HOLDING AG	211,850	12/31/2008
NEWTON INTERNATIION EQUITY	JAPAN TOBACCO INC	207,346	12/31/2008
BERNISTEIN INTERNATIONAL	E ON AG	1,139,100	12/31/2008
BERNISTEIN INTERNATIONAL	NOVARTIS AG	1,042,711	12/31/2008
BERNISTEIN INTERNATIONAL	CREDIT SUISSE GROUP AG	1,035,054	12/31/2008
BERNISTEIN INTERNATIONAL	VODAFONE GROUP PLC	982,355	12/31/2008
BERNISTEIN INTERNATIONAL	NESTLE SA	956,231	12/31/2008
MUNDER INTL SMALL CAP	OPEN TEXT CORP	775,108	12/31/2008
MUNDER INTL SMALL CAP	HOGY MEDICAL CO LTD	703,285	12/31/2008
MUNDER INTL SMALL CAP	AMLIA PLC	691,219	12/31/2008
MUNDER INTL SMALL CAP	NISSHA PRINTING CO LTD	646,402	12/31/2008
MUNDER INTL SMALL CAP	SURUGA BANK LTD	644,678	12/31/2008
MUNDER INTL CORE EQUITY	ROYAL DUTCH SHELL PLC	751,351	12/31/2008
MUNDER INTL CORE EQUITY	NESTLE SA	699,935	12/31/2008
MUNDER INTL CORE EQUITY	BHP BILLITON LTD	686,567	12/31/2008
MUNDER INTL CORE EQUITY	ROCHE HOLDING AG	679,369	12/31/2008
MUNDER INTL CORE EQUITY	TELEFONICA SA	668,401	12/31/2008
MORGAN STANLEY SMALL CO GROWTH	TECHNE CORP	1,273,045	12/31/2008
MORGAN STANLEY SMALL CO GROWTH	STRAYER EDUCATION INC	1,244,457	12/31/2008
MORGAN STANLEY SMALL CO GROWTH	GREENHILL & CO INC	1,073,425	12/31/2008
MORGAN STANLEY SMALL CO GROWTH	BLUE NILE INC	866,347	12/31/2008
MORGAN STANLEY SMALL CO GROWTH	COSTAR GROUP INC	818,866	12/31/2008
MORGAN STANLEY INSTL FUND	LUKOIL	357,379	12/31/2008
MORGAN STANLEY INSTL FUND	SAMSUNG ELECTRONICS CO	319,844	12/31/2008
MORGAN STANLEY INSTL FUND	PETROLEO BRASILEIRO SA	307,067	12/31/2008
MORGAN STANLEY INSTL FUND	GAZPROM OAO	305,469	12/31/2008
MORGAN STANLEY INSTL FUND	PETROCHINA CO LTD	304,538	12/31/2008
MORGAN STANLEY INST'L SMALL CAP	ARIAKE JAPAN CO LTD	826,399	12/31/2008
MORGAN STANLEY INST'L SMALL CAP	MORGAN STANLEY INSTITUTE	749,761	12/31/2008
MORGAN STANLEY INST'L SMALL CAP	DAVIDE CAMPARI-MALINO	678,579	12/31/2008
MORGAN STANLEY INST'L SMALL CAP	KERRY GROUP PLC	625,007	12/31/2008
MORGAN STANLEY INST'L SMALL CAP	DOUTOR NICHIRES HOLDING	596,237	12/31/2008
ISHARES MSCI EMERGING MARKETS	TAIWAN SEMICONDUCTOR	480,428	12/31/2008
ISHARES MSCI EMERGING MARKETS	SAMSUNG ELECTRONICS CO	475,169	12/31/2008
ISHARES MSCI EMERGING MARKETS	CHINA MOBILE LTD	416,515	12/31/2008
ISHARES MSCI EMERGING MARKETS	CHUNGHWA TELECOM CO LTD	398,986	12/31/2008
ISHARES MSCI EMERGING MARKETS	POSCO	368,917	12/31/2008
VANGUARD EMERGING MARKET ETF	GAZPROM OAO	57,341	12/31/2008
VANGUARD EMERGING MARKET ETF	CHINA MOBILE LTD	46,386	12/31/2008
VANGUARD EMERGING MARKET ETF	PETROLEO BRASILEIRO SA	35,072	12/31/2008
VANGUARD EMERGING MARKET ETF	AMERICA MOVIL SA DE CV	32,470	12/31/2008
VANGUARD EMERGING MARKET ETF	SAMSUNG ELECTRONICS	31,622	12/31/2008
VANGUARD PACIFIC ETF	TOYOTA MOTOR CORP	677,983	12/31/2008
VANGUARD PACIFIC ETF	MITSUBISHI UFJ FINANCIAL	517,076	12/31/2008
VANGUARD PACIFIC ETF	BHP BILLITON LTD	490,959	12/31/2008
VANGUARD PACIFIC ETF	HONDA MOTOR CO LT	286,408	12/31/2008
VANGUARD PACIFIC ETF	COMMONWEALTH BANK OF AMERICA	266,776	12/31/2008
VANGUARD EUROPEAN ETF	HSBC HOLDING PLC	229,546	12/31/2008
VANGUARD EUROPEAN ETF	NESTLE SA	201,160	12/31/2008
VANGUARD EUROPEAN ETF	BP PLC	174,691	12/31/2008
VANGUARD EUROPEAN ETF	TOTAL SA	154,514	12/31/2008
VANGUARD EUROPEAN ETF	NOVARTIS AG	147,916	12/31/2008
SPDR S&P BIOTECH EFT	BIOMARIN PHARMACEUTICAL	182,909	12/31/2008
SPDR S&P BIOTECH EFT	ONYX PHARMACEUTICAL	176,879	12/31/2008
SPDR S&P BIOTECH EFT	VERTEX PHARMACEUTICAL	174,997	12/31/2008
SPDR S&P BIOTECH EFT	MYRIAD GENETICS INC	173,359	12/31/2008
SPDR S&P BIOTECH EFT	UNITED THERAPEUTICS CO	172,975	12/31/2008
ALLIANCE BERNSTEIN US STRATEGIC VALUE	MERCK & CO iNC	790,858	12/31/2008
ALLIANCE BERNSTEIN US STRATEGIC VALUE	AT&T INC	672,229	12/31/2008
ALLIANCE BERNSTEIN US STRATEGIC VALUE	EXXON MOBIL CORP	616,576	12/31/2008
ALLIANCE BERNSTEIN US STRATEGIC VALUE	PFIZER INC	596,073	12/31/2008
ALLIANCE BERNSTEIN US STRATEGIC VALUE	CONOCOPHLLIPS	562,388	12/31/2008

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	2,568,342,477	2,561,318,672	(7,023,805)
28.2 Preferred stocks			0
28.3 Totals	2,568,342,477	2,561,318,672	(7,023,805)

28.4 Describe the sources or methods utilized in determining the fair values:
Bonds are priced by the SVO when available. When the SVO pricing is not available, bonds are priced by IDC, our external pricing source, 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:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....74,270

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

31.1 Amount of payments for legal expenses, if any? $.....4,294,550

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
Bridgeport Fire Settlement Fund	3,800,000
Robins Kaplan Miller & Ciresi L.L.P	1,123,030

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	$.....2,324,358,045	$.....2,356,713,655
2.3 Premium Ratio (2.1/2.2)	.....0.0	.....0.0
2.4 Reserve Numerator	$.....0	$.....0
2.5 Reserve Denominator	$.....3,363,725,618	$.....3,144,909,992
2.6 Reserve Ratio (2.4/2.5)	.....0.0	.....0.0

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

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]
4.2 Does the reporting entity issue non-assessable policies? Yes [X] No [ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $.....0

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

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

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company does not issue Worker's 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 that are developed to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.
6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable 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 catastrophe reinsurance.
6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]
6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

8.2 If yes, give full information:

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

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

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

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

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

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

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

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

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

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

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

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

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

11.2 If yes, give full information:

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

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

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

12.2 Of the amount on Line 13.3, Page 2, state the amount 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): $.....228,750,000

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	$18,296,000
17.12 Unfunded portion of Interrogatory 17.11	$18,296,000
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	$18,296,000
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)		5,874	113	3,845	(1,781)
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,348,960,596	2,579,478,670	2,670,453,867	2,406,912,148	2,164,785,886
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	475,435,496	508,528,006	505,071,860	488,237,466	446,215,311
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	137,418,730	108,359,862	80,730,615	50,308,127	209,535,467
6.	Total (Line 35)	2,961,814,822	3,196,372,412	3,256,256,455	2,945,461,586	2,820,534,883
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)		5,874	113	3,845	(1,781)
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,776,449,876	1,901,056,974	2,003,542,773	1,852,891,458	1,546,771,391
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	402,025,811	428,555,064	419,337,957	413,264,896	371,301,597
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	84,000,322	54,365,345	26,732,448	(935,662)	163,136,508
12.	Total (Line 35)	2,262,476,009	2,383,983,257	2,449,613,291	2,265,224,537	2,081,207,715
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	31,412,630	706,720,157	573,160,611	509,322,879	559,708,666
14.	Net investment gain (loss) (Line 11)	(342,144,149)	389,360,525	261,326,897	203,351,639	187,830,496
15.	Total other income (Line 15)	595,323	(1,284,654)	(488,944)	972,407	(4,117,460)
16.	Dividends to policyholders (Line 17)					
17.	Federal and foreign income taxes incurred (Line 19)	286,091,172	258,961,249	242,323,160	187,854,041	241,942,233
18.	Net income (Line 20)	(596,227,368)	835,834,779	591,675,404	525,792,884	501,479,469
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	8,602,605,288	9,961,924,333	9,152,614,118	7,979,279,857	6,974,548,101
20.	Premiums and considerations (Page 2, Col. 3):					
	20.1 In course of collection (Line 13.1)	322,960,021	421,773,036	406,706,935	365,087,045	287,147,993
	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)	3,868,394,188	4,191,416,676	4,135,909,170	3,775,060,680	3,441,757,376
22.	Losses (Page 3, Line 1)	1,936,148,076	1,703,308,204	1,818,077,200	1,790,391,323	1,551,475,519
23.	Loss adjustment expenses (Page 3, Line 3)	177,489,627	161,112,522	137,139,237	135,189,899	121,392,138
24.	Unearned premiums (Page 3, Line 9)	1,184,540,429	1,246,422,466	1,219,152,864	1,108,219,162	1,079,882,541
25.	Capital paid up (Page 3, Lines 28 & 29)					
26.	Surplus as regards policyholders (Page 3, Line 35)	4,734,211,100	5,770,507,657	5,016,704,948	4,204,219,177	3,532,790,725
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	471,724,017	434,319,125	598,082,488	622,003,549	611,809,872
	Risk-Based Capital Analysis					
28.	Total adjusted capital	4,734,211,100	5,770,507,657	5,016,704,948	4,204,219,177	3,532,790,725
29.	Authorized control level risk-based capital	599,895,777	808,649,672	662,176,877	591,553,266	517,250,967
	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)	33.8	27.7	26.9	27.5	28.5
31.	Stocks (Lines 2.1 & 2.2)	57.4	68.5	65.2	63.1	61.2
32.	Mortgage loans on real estate (Lines 3.1 & 3.2)					
33.	Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34.	Cash, cash equivalents and short-term investments (Line 5)	5.4	1.0	5.9	8.1	8.7
35.	Contract loans (Line 6)					
36.	Other invested assets (Line 7)	3.5	2.7	1.8	1.3	1.3
37.	Receivable for securities (Line 8)	0.0	0.0	0.3	0.0	0.2
38.	Aggregate write-ins for invested assets (Line 9)					
39.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
40.	Affiliated bonds (Sch. D, Summary, Line 25, Col. 1)					
41.	Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42.	Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	1,749,228,378	1,711,212,922	1,194,521,747	1,052,672,101	916,519,874
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	1,749,228,378	1,711,212,922	1,194,521,747	1,052,672,101	916,519,874
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)	36.9	29.7	23.8	25.0	25.9

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)	(656,727,603)	11,279,459	228,965,050	168,421,735	188,029,041
49.	Dividends to stockholders (Line 35)					
50.	Change in surplus as regards policyholders for the year (Line 38)	(1,036,296,557)	753,802,708	812,485,771	671,428,452	699,496,085
	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)	61,591,445	34,288,277	64,853,718	12,797,770	5,304,749
52.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,717,591,702	1,113,346,757	1,215,897,777	846,619,504	840,219,782
53.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	310,525,152	240,842,419	223,341,390	211,610,599	157,087,034
54.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(139,861)	51,206	375,649	(148,847)	1,277,519
55.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	60,017,695	138,058,411	111,319,134	70,875,247	117,836,495
56.	Total (Line 35)	2,149,586,133	1,526,587,070	1,615,787,668	1,141,754,273	1,121,725,579
	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)	(3,961,094)	1,955,346	3,768,741	4,524,611	2,601,222
58.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,195,746,279	815,155,480	859,899,171	715,644,378	598,278,979
59.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	258,844,597	175,567,143	157,610,999	135,047,414	124,426,026
60.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(139,861)	51,206	375,649	(148,847)	1,275,411
61.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	(7,888,970)	59,113,420	62,250,699	24,389,425	80,036,564
62.	Total (Line 35)	1,442,600,950	1,051,842,595	1,083,905,259	879,456,981	806,618,202
	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	4.8
66.	Other underwriting expenses incurred (Line 4)	21.1	25.4	24.2	23.9	25.5
67.	Net underwriting gain (loss) (Line 8)	1.4	30.0	24.5	22.8	26.1
	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)	21.6	25.2	23.1	23.5	26.5
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	48.5
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)	47.8	41.3	48.8	53.9	58.9
	One Year Loss Development (000 omitted)					
71.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(376,140)	(71,166)	(16,213)	(189,850)	98,765
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)	(6.5)	(1.4)	(0.4)	(5.4)	3.5
	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)	(286,712)	52,225	(127,131)	(59,276)	255,479
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)	(5.7)	1.2	(3.6)	(2.1)	13.2

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	118,185	104,005	8,292	4,033	(57)	6	2,584	18,375	XXX
2. 1999	1,101,931	349,283	752,648	1,232,683	541,783	22,815	4,368	43,610	3,684	36,978	749,273	XXX
3. 2000	1,161,983	385,620	776,363	703,865	216,516	19,875	8,229	24,484	3,155	15,132	520,324	XXX
4. 2001	1,291,816	465,078	826,738	2,256,677	1,250,975	41,267	8,828	67,975	9,198	12,826	1,096,918	XXX
5. 2002	2,465,270	742,594	1,722,675	659,515	76,110	7,336	278	40,795	2,708	5,817	628,550	XXX
6. 2003	3,175,165	753,161	2,422,004	972,136	164,963	7,954	391	56,663	3,937	12,402	867,463	XXX
7. 2004	2,903,811	756,085	2,147,726	939,263	170,935	8,322	2,142	70,062	4,804	31,333	839,765	XXX
8. 2005	2,919,631	682,747	2,236,884	1,621,957	516,830	26,653	1,056	91,060	4,637	118,941	1,217,146	XXX
9. 2006	3,118,218	779,538	2,338,680	1,113,244	167,446	5,950	98	57,658	3,212	88	1,006,097	XXX
10. 2007	3,147,998	791,285	2,356,713	820,457	111,302	2,867	708	52,782	3,749	(400)	760,347	XXX
11. 2008	3,043,700	719,342	2,324,358	1,334,296	529,768	5,450	864	52,332	3,389	(1,568)	858,057	XXX
12. Totals	XXX	XXX	XXX	11,772,279	3,850,633	156,782	30,996	557,362	42,478	234,133	8,562,315	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior	303,845	134,875	548,168	284,154	24,628	12,904	39,650		45,320			529,678	XXX
2. 1999	1,973	1,019			0							955	XXX
3. 2000	392	7			11							396	XXX
4. 2001	6,806	1,007			424							6,224	XXX
5. 2002	202	20			2							185	XXX
6. 2003	10,951	159			15						3,320	10,807	XXX
7. 2004	786	3,344	16,600		20						8,161	14,062	XXX
8. 2005	(123)	6,758	15,300		295	1			529	3	17,713	9,239	XXX
9. 2006	11,123	8,023	20,000		592	3			1,555	6	26,157	25,238	XXX
10. 2007	174,905	30,015	27,000		2,487	13			7,345	31	32,889	181,678	XXX
11. 2008	1,246,791	198,005	218,816		18,642	102			49,276	238	60,460	1,335,180	XXX
12. Totals	1,757,652	383,231	845,884	284,154	47,115	13,023	39,650	0	104,025	278	148,700	2,113,641	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	432,983	96,695
2. 1999	1,301,082	550,854	750,228	118.1	157.7	99.7			86.00	955	0
3. 2000	748,627	227,906	520,721	64.4	59.1	67.1			86.00	386	11
4. 2001	2,373,150	1,270,008	1,103,142	183.7	273.1	133.4			86.00	5,800	424
5. 2002	707,851	79,116	628,735	28.7	10.7	36.5			86.00	182	2
6. 2003	1,047,720	169,450	878,270	33.0	22.5	36.3			86.00	10,792	15
7. 2004	1,035,053	181,225	853,827	35.6	24.0	39.8			86.00	14,042	20
8. 2005	1,755,671	529,286	1,226,385	60.1	77.5	54.8			86.00	8,419	820
9. 2006	1,210,121	178,787	1,031,335	38.8	22.9	44.1			86.00	23,100	2,137
10. 2007	1,087,842	145,817	942,025	34.6	18.4	40.0			86.00	171,890	9,788
11. 2008	2,925,603	732,366	2,193,236	96.1	101.8	94.4			86.00	1,267,602	67,578
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,936,151	177,490

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	605,663	619,723	601,713	695,785	771,164	877,414	871,832	958,698	947,454	936,394	(11,060)	(22,304)
2. 1999	775,571	729,872	695,422	708,869	719,699	709,743	712,071	710,301	710,301	710,301	(0)	(0)
3. 2000	XXX	492,549	473,457	475,441	502,271	473,517	472,837	471,070	499,392	499,392	(0)	28,322
4. 2001	XXX	XXX	897,553	995,866	1,009,122	1,146,923	1,029,890	1,026,861	1,041,871	1,044,365	2,493	17,503
5. 2002	XXX	XXX	XXX	675,719	644,413	599,562	587,857	597,518	597,518	590,648	(6,870)	(6,870)
6. 2003	XXX	XXX	XXX	XXX	913,324	851,598	826,229	820,971	822,089	825,544	3,454	4,572
7. 2004	XXX	XXX	XXX	XXX	XXX	878,661	846,852	824,865	824,865	788,569	(36,296)	(36,296)
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	1,322,944	1,244,012	1,279,247	1,139,436	(139,812)	(104,577)
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,142,402	1,002,796	975,340	(27,456)	(167,062)
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,046,272	885,678	(160,594)	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,095,256	XXX	XXX
										12. Totals	(376,140)	(286,712)

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	166,646	237,192	267,880	289,486	343,469	374,801	411,706	433,598	452,035	XXX	XXX
2. 1999	293,409	607,547	678,853	702,668	711,067	711,694	712,923	710,125	708,842	709,347	XXX	XXX
3. 2000	XXX	154,729	369,809	444,896	469,201	477,324	474,662	471,429	499,342	498,996	XXX	XXX
4. 2001	XXX	XXX	348,766	661,885	816,717	922,384	1,022,034	1,022,362	1,037,447	1,038,141	XXX	XXX
5. 2002	XXX	XXX	XXX	278,774	476,325	548,673	573,355	583,099	589,756	590,463	XXX	XXX
6. 2003	XXX	XXX	XXX	XXX	349,929	658,411	760,310	798,325	798,622	814,737	XXX	XXX
7. 2004	XXX	XXX	XXX	XXX	XXX	281,589	600,240	727,950	778,750	774,508	XXX	XXX
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	315,203	833,204	1,050,199	1,130,724	XXX	XXX
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	376,923	839,862	951,651	XXX	XXX
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	273,750	711,315	XXX	XXX
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	809,114	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	244,158	180,168	166,095	195,184	244,016	332,148	283,361	352,747	331,640	303,664
2. 1999	26,118	25,260	3,004	2,226	2,028	1,802	1,763			
3. 2000	XXX	36,724	11,949	3,011	2,326	1,822	1,763			
4. 2001	XXX	XXX	58,313	113,675	101,176	149,741	2,053			
5. 2002	XXX	XXX	XXX	86,534	52,754	11,989	9,223	6,091	5,679	
6. 2003	XXX	XXX	XXX	XXX	125,618	46,185	18,459	6,425	1,117	
7. 2004	XXX	XXX	XXX	XXX	XXX	167,226	58,311	24,714	27,888	16,600
8. 2005	XXX	XXX	XXX	XXX	XXX	XXX	281,474	233,253	163,364	15,300
9. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	151,282	47,348	20,000
10. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	142,725	27,000
11. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	218,816

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	27,310,841	30,417,706		6,373,094	6,471,489	15,687,345		
2. Alaska AK	L	9,307,499	10,433,144		3,691,752	(508,255)	680,017		
3. Arizona AZ	L	23,436,550	23,782,377		13,950,846	16,079,890	15,186,541		
4. Arkansas AR	L	19,625,064	21,598,663		12,923,251	15,027,475	9,261,318		
5. California CA	L	251,347,458	265,984,240		473,154,928	439,941,364	68,538,987		
6. Colorado CO	L	23,649,827	25,949,827		4,254,847	8,399,883	8,154,088		
7. Connecticut CT	L	55,197,032	45,324,344		11,181,059	(10,687,662)	15,071,993		
8. Delaware DE	L	3,489,221	3,195,177		2,248,689	176,455	708,951		
9. District of Columbia DC	L	11,171,422	13,244,965		640,906	1,048,058	1,045,804		
10. Florida FL	L	92,882,726	95,615,522		52,584,240	17,190,827	35,567,456		
11. Georgia GA	L	49,264,131	57,300,997		49,633,373	51,962,790	14,703,260		
12. Hawaii HI	L	1,953,994	3,024,865		2,321,104	(695,457)			
13. Idaho ID	L	8,988,684	9,318,252			2,302,314	2,475,481		
14. Illinois IL	L	69,690,315	73,657,252		27,192,933	29,388,699	34,697,039		
15. Indiana IN	L	32,688,885	33,987,255		8,085,298	(509,080)	2,750,263		
16. Iowa IA	L	24,708,373	24,386,967		160,679,941	254,316,008	95,012,735		
17. Kansas KS	L	18,070,324	18,110,712		3,774,954	7,573,379	6,033,555		
18. Kentucky KY	L	38,552,352	39,222,791		5,773,474	(1,491,671)	9,810,752		
19. Louisiana LA	L	23,635,927	26,916,074		119,600,353	48,234,378	27,085,621		
20. Maine ME	L	9,402,526	9,513,565		155,672	1,442,088	1,286,416		
21. Maryland MD	L	22,134,201	22,584,775		2,065,138	4,629,270	6,808,506		
22. Massachusetts MA	L	57,659,619	59,472,317		21,914,922	48,884,906	49,635,138		
23. Michigan MI	L	37,443,147	41,980,812		3,673,616	(2,650,736)	10,789,596		
24. Minnesota MN	L	27,838,158	30,761,504		3,073,093	9,789,736	10,329,413		
25. Mississippi MS	L	13,326,170	14,147,719		197,475,160	187,100,178	22,787,001		
26. Missouri MO	L	45,364,803	48,196,997		18,775,783	10,645,851	10,802,002		
27. Montana MT	L	3,344,141	3,651,825						
28. Nebraska NE	L	8,014,800	9,142,800		3,572,445	9,722,923	6,583,680		
29. Nevada NV	L	31,750,448	30,572,785		13,359,534	1,811,050	521,782		
30. New Hampshire NH	L	5,495,101	5,917,843		790,469	4,586,997	9,791,187		
31. New Jersey NJ	L	34,893,796	38,257,246		33,348,285	9,946,071	13,139,760		
32. New Mexico NM	L	5,578,181	5,541,747		392,970	5,744,408	5,511,414		
33. New York NY	L	87,475,133	77,335,058		90,179,871	133,250,570	126,839,878		
34. North Carolina NC	L	51,887,249	54,168,943		8,824,983	3,738,238	5,065,048		
35. North Dakota ND	L	14,389,780	10,803,944		1,058,232	(14,393,032)	5,912,984		
36. Ohio OH	L	61,845,181	61,960,430		17,555,081	19,792,493	28,144,701		
37. Oklahoma OK	L	14,843,773	16,564,321		815,435	(34,910)	374,067		
38. Oregon OR	L	30,827,270	32,067,303		15,639,768	14,031,640	26,443,856		
39. Pennsylvania PA	L	86,577,625	88,024,076		38,293,727	54,167,113	60,635,024		
40. Rhode Island RI	L	10,255,827	10,571,400		2,804,642	2,049,982	6,696,132		
41. South Carolina SC	L	28,013,109	28,588,789		(118,851,973)	(120,289,582)	3,873,440		
42. South Dakota SD	L	4,904,302	4,993,714						
43. Tennessee TN	L	48,365,607	52,966,998		17,629,767	57,027,073	56,218,132		
44. Texas TX	L	140,333,382	151,157,254		121,323,764	399,454,763	337,682,362		
45. Utah UT	L	16,567,581	17,242,201		6,225,676	9,189,057	3,716,802		
46. Vermont VT	L	4,565,636	4,447,435		1,359,044	2,654,623	3,216,489		
47. Virginia VA	L	48,055,385	45,455,296		58,632,768	6,760,989	9,769,812		
48. Washington WA	L	51,434,948	58,716,265		9,186,662	14,542,965	26,862,251		
49. West Virginia WV	L	8,765,683	8,561,899		35,732,923	107,789,424	74,562,861		
50. Wisconsin WI	L	34,553,729	36,700,583		4,905,382	10,145,734	15,244,844		
51. Wyoming WY	L	9,875,840	6,325,428			1,534,655	1,709,253		
52. American Samoa AS	N	52,812	26,479						
53. Guam GU	L	50,236	180,407						
54. Puerto Rico PR	L	28,348,107	26,032,373		636,427	442,977	549,834		
55. US Virgin Islands VI	L	178,860	185,236						
56. Northern Mariana Islands MP	L	232	106						
57. Canada CN	L	244,187,917	260,436,532		159,091,335	275,261,487	252,342,408		
58. Aggregate Other Alien OT	XXX	44,902,706	47,525,362	0	2,170,761	(14,001,986)	17,819,818	0	0
59. Totals	(a) 55	2,158,473,623	2,242,250,898	0	1,729,876,407	2,138,987,899	1,574,137,096	0	0

DETAILS OF WRITE-INS

5801. AFGHANISTAN	XXX	272,806	277,996		70,367	70,367	225,000		
5802. ALGERIA	XXX	48,669	40,499						
5803. ANGOLA	XXX	34,994	34,876						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	44,546,237	47,171,991	0	2,100,394	(14,072,353)	17,594,818	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX	44,902,706	47,525,362	0	2,170,761	(14,001,986)	17,819,818	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

2008 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

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