



ANNUAL STATEMENT

For the Year Ended December 31, 2009
of the Condition and Affairs of the

Appalachian Insurance Company

NAIC Group Code.....65, 65 (Current Period) (Prior Period)	NAIC Company Code..... 10316	Employer's ID Number..... 05-0284861
Organized under the Laws of Rhode Island	State of Domicile or Port of Entry Rhode Island	Country of Domicile US
Incorporated/Organized..... April 14, 1941	Commenced Business..... January 1, 1942	
Statutory Home Office	270 Central Avenue..... Johnston RI 02919-4949 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	270 Central Avenue..... Johnston RI 02919-4949 <i>(Street and Number) (City or Town, State and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 7500..... Johnston RI 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	270 Central Avenue..... Johnston RI 02919-4949 <i>(Street and Number) (City or Town, State and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.fmglobal.com	
Statutory Statement Contact	Jeffrey Black <i>(Name)</i> jeffrey.black@fmglobal.com <i>(E-Mail Address)</i>	401-415-1559 <i>(Area Code) (Telephone Number) (Extension)</i> 401-946-8306 <i>(Fax Number)</i>

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	Vice Chairman	Jeffrey Alfred Burchill	Senior Vice President
Jonathan William Hall #	Executive Vice President	Paul Edward LaFleche	Senior Vice President
Thomas Alan Lawson #	Executive Vice President	Jeanne Ruth Lieb	Senior Vice President
John James Pomeroy	Senior Vice President	Enzo Rebula	Senior Vice President

DIRECTORS OR TRUSTEES

Antonius Rudolfus Henricus Bosman #	Walter Joseph Galvin	Mary Lynch Howell	John Anderson Luke, Jr.
Gracia Catherine Martore	Robert Joseph O'Toole	John R. Paloian #	David Pulman
Edward Joseph Rapp #	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) Shivan Sivaswamy Subramaniam	_____ (Signature) John James Pomeroy	_____ (Signature) Theresa Ann Molloy
1. (Printed Name) President and CEO	2. (Printed Name) Secretary and Sr. Vice President	3. (Printed Name) VP Controller
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This 5th day of February 2010

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 _____

John A. Soares III Notary Public
Expires July 5, 2013

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	185,324,441		185,324,441	150,244,374
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	2,500,000		2,500,000	2,500,000
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 (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....4,242,918, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....0, Sch. DA).....	4,242,918		4,242,918	7,775,156
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Other invested assets (Schedule BA).....			.0	
8. Receivables for securities.....			.0	
9. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	192,067,359	.0	192,067,359	160,519,530
11. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
12. Investment income due and accrued.....	2,198,516		2,198,516	1,913,297
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	15,995,636		15,995,636	13,317,151
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.....	11,275,148		11,275,148	7,034,307
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.....	296,000		296,000	347,000
17. Guaranty funds receivable or on deposit.....	30		30	45
18. Electronic data processing equipment and software.....			.0	
19. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
21. Receivables from parent, subsidiaries and affiliates.....			.0	1,867,251
22. Health care (\$.....0) and other amounts receivable.....			.0	
23. Aggregate write-ins for other than invested assets.....	15,875	.0	15,875	4,085,198
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	221,848,563	.0	221,848,563	189,083,780
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
26. TOTALS (Lines 24 and 25).....	221,848,563	.0	221,848,563	189,083,780

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. Loss Clearing.....	15,476		15,476	4,084,269
2302. Miscellaneous Recievable.....	399		399	929
2303.....			.0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	15,875	.0	15,875	4,085,198

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	25,163,592	44,118,351
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	23,087,961	7,018,457
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	12,460,261	7,416,939
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....		
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	16,062	215,522
7.1 Current federal and foreign income taxes (including \$.....937,000 on realized capital gains (losses)).....	11,559,407	2,750,641
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....49,699 and including warranty reserves of \$.....0).....	931	1,119
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	119,679	119,679
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....	2,056,457	1,259,492
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	3,475,341	
20. Payable for securities.....		
21. Liability for amounts held under uninsured plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	0	4,072,130
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	77,939,690	66,972,329
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	77,939,690	66,972,329
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,525,000	3,525,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	7,577,528	7,577,528
33. Unassigned funds (surplus).....	132,806,345	111,008,923
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).....	143,908,873	122,111,451
36. TOTALS (Page 2, Line 26, Col. 3).....	221,848,563	189,083,780

DETAILS OF WRITE-INS

2301. Misc. Accounts Payable.....		4,072,130
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).....	0	4,072,130
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	60,504,681	54,054,837
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	22,889,259	38,963,741
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	2,452,881	2,960,010
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	15,296,936	11,400,562
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	40,639,076	53,324,312
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	19,865,606	730,525
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	11,475,467	8,490,946
10. Net realized capital gains (losses) less capital gains tax of \$.....937,000 (Exhibit of Capital Gains (Losses)).....	1,739,454	(1,187,899)
11. Net investment gain (loss) (Lines 9 + 10).....	13,214,921	7,303,047
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	540
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	1,861	(29,374)
15. Total other income (Lines 12 through 14).....	1,861	(28,834)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	33,082,388	8,004,738
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).....	33,082,388	8,004,738
19. Federal and foreign income taxes incurred.....	10,437,000	3,351,000
20. Net income (Line 18 minus Line 19) (to Line 22).....	22,645,388	4,653,738
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	122,111,451	117,083,069
22. Net income (from Line 20).....	22,645,388	4,653,738
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....		
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(473,000)	134,000
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	422,000	137,000
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(796,965)	103,643
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.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	21,797,423	5,028,381
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	143,908,873	122,111,451
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 balances (charged off) / recovered.....	1,861	(29,374)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	1,861	(29,374)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	57,826,009	43,466,747
2. Net investment income.....	11,299,708	9,110,127
3. Miscellaneous income.....	1,861	(28,835)
4. Total (Lines 1 through 3).....	69,127,578	52,548,039
5. Benefit and loss related payments.....	25,946,563	55,014,302
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	12,905,940	14,879,391
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....937,000 tax on capital gains (losses).....	2,565,234	8,566,545
10. Total (Lines 5 through 9).....	41,417,736	78,460,238
11. Net cash from operations (Line 4 minus Line 10).....	27,709,841	(25,912,199)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	43,330,331	38,633,962
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	43,330,331	38,633,962
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	75,843,403	11,344,929
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	75,843,403	11,344,929
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).....	(32,513,072)	27,289,033
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).....	1,270,992	9,264,317
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	1,270,992	9,264,317
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).....	(3,532,238)	10,641,152
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	7,775,156	(2,865,996)
19.2 End of year (Line 18 plus Line 19.1).....	4,242,918	7,775,156

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	49,941	135	134	49,942
2. Allied lines.....	75,106	270	202	75,174
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....	56,456	189	157	56,487
9. Inland marine.....	159,744	525	437	159,832
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - 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
17.3 Excess workers' compensation.....				.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.....	2,493			2,493
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....	60,160,754			60,160,754
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.....	60,504,493	1,119	931	60,504,681

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

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	134				134
2. Allied lines.....	202				202
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....	157				157
9. Inland marine.....	437				437
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - 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
17.3 Excess workers' compensation.....					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.....					0
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.....	931	0	0	0	931
36. Accrued retrospective premiums based on experience.....					0
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					931

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		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	2,668,391				2,618,450	49,941
2. Allied lines.....	4,013,009				3,937,903	75,106
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....	3,121,092				3,064,636	56,456
9. Inland marine.....	8,677,834				8,518,090	159,744
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - 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
17.3 Excess workers' compensation.....						.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.....					(2,493)	2,493
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	XXX	60,170,754		10,000		60,160,754
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.....	18,480,326	60,170,754	.0	10,000	18,136,587	60,504,493

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				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....				.0		.0		
2.	Allied lines.....				.0		.0		
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.....				.0		.0		
9.	Inland marine.....				.0	3,000	25,000	15.6	
10.	Financial guaranty.....				.0		.0		
11.1	Medical professional liability - occurrence.....				.0		.0		
11.2	Medical professional liability - 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.....	1,346		1,077	.270	929,369	929,638	.1	
17.1	Other liability - occurrence.....	14,494		8,691	5,803	2,968,120	3,709,856	(735,934)	
17.2	Other liability - claims-made.....				.0		.0		
17.3	Excess workers' compensation.....				.0		.0		
18.1	Products liability - occurrence.....	12,279,221		9,076,831	3,202,390	21,263,102	39,500,857	(15,035,364)	
18.2	Products liability - claims-made.....				.0		.0		
19.1, 19.2	Private passenger auto liability.....				.0		.0		
19.3, 19.4	Commercial auto liability.....				.0		.0		
21.	Auto physical damage.....				.0		.0		
22.	Aircraft (all perils).....				.0		.0		
23.	Fidelity.....				.0		.0		
24.	Surety.....				.0		.0		
26.	Burglary and theft.....				.0		.0		
27.	Boiler and machinery.....	(5,548)			(5,548)		(5,548)	(222.5)	
28.	Credit.....				.0		.0		
29.	International.....				.0		.0		
30.	Warranty.....				.0		.0		
31.	Reinsurance - nonproportional assumed property.....	XXX	38,637,223	(3,882)	38,641,105		38,641,105	.64.2	
32.	Reinsurance - nonproportional assumed liability.....	XXX			.0		.0		
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			.0		.0		
34.	Aggregate write-ins for other lines of business.....	0	0	0	.0	.0	.0		
35.	TOTALS	12,289,513	38,637,223	9,082,717	41,844,019	25,163,591	44,118,351	22,889,259	.37.8

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	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	.0	.0	.0	.0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
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.....				0				0	
9. Inland marine.....	3,000			3,000				3,000	
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - 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.....	146,848		117,479	29,369	1,559,000	659,000		929,369	99,488
17.1 Other liability - occurrence.....	2,478,963		1,513,540	965,423	4,058,005	2,055,308		2,968,120	1,489,562
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	17,368,685		10,406,386	6,962,299	28,432,135	14,131,331		21,263,102	10,871,211
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
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			0	XXX			0	
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
35. TOTALS.....	19,997,497	0	12,037,405	7,960,092	34,049,139	16,845,640		25,163,591	12,460,261
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
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0		0	0

(a) Including \$.00 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	22,309,408			22,309,408
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	20,160,156			20,160,156
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	2,149,252	0	0	2,149,252
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....				0
2.2 Reinsurance assumed, excluding contingent.....		11,392,853		11,392,853
2.3 Reinsurance ceded, excluding contingent.....		631,837		631,837
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	10,761,016	0	10,761,016
3. Allowances to manager and agents.....				0
4. Advertising.....		82,476		82,476
5. Boards, bureaus and associations.....				0
6. Surveys and underwriting reports.....				0
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	207,277	2,746,998	22,881	2,977,156
8.2 Payroll taxes.....	12,845	171,214	1,061	185,120
9. Employee relations and welfare.....	46,086	617,865	5,801	669,752
10. Insurance.....	4,354	60,990	1	65,345
11. Directors' fees.....				0
12. Travel and travel items.....	8,196	168,496	284	176,976
13. Rent and rent items.....	17,859	165,123	85	183,067
14. Equipment.....	1,022	85,842	252	87,116
15. Cost or depreciation of EDP equipment and software.....				0
16. Printing and stationery.....	2,697	32,875	277	35,849
17. Postage, telephone and telegraph, exchange and express.....	3,293	77,617	1,760	82,670
18. Legal and auditing.....				0
19. Totals (Lines 3 to 18).....	303,629	4,209,497	32,402	4,545,528
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		295,622		295,622
20.2 Insurance department licenses and fees.....		29,307		29,307
20.3 Gross guaranty association assessments.....		1,494		1,494
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	326,423	0	326,423
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	0	0	0
25. Total expenses incurred.....	2,452,881	15,296,936	32,402	(a) 17,782,219
26. Less unpaid expenses - current year.....	12,460,261	16,062		12,476,323
27. Add unpaid expenses - prior year.....	7,416,939	215,522		7,632,461
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).....	(2,590,441)	15,496,396	32,402	12,938,357

DETAILS OF WRITE-INS

2401.				0
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	0	0	0

(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).....2,871,214	3,202,477
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....4,943,422	4,875,308
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....175,000	175,000
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....6,096	6,096
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	3,235,502	3,235,502
10. Total gross investment income.....	11,231,234	11,494,384
11. Investment expenses.....	.....	(g).....32,402
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....(13,485)
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	18,917
17. Net investment income (Line 10 minus Line 16).....	.....	11,475,467

DETAILS OF WRITE-INS

0901. ICMA Loan Interest Income.....	13,782	13,782
0902. AMRECO Surplus Bond Recovery.....	3,149,209	3,149,209
0903. Securities Lending Interest Income.....	72,511	72,511
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	3,235,502	3,235,502
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 \$.....532,346 accrual of discount less \$.....641,805 amortization of premium and less \$.....561,374 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 \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	2,692,063	.....	2,692,063	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	0	.....	.....
1.2 Other bonds (unaffiliated).....	(15,608)	.....	(15,608)	.....	.....
1.3 Bonds of affiliates.....	.....	.....	0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	0	.....	.....
3. Mortgage loans.....	.....	.....	0	.....	.....
4. Real estate.....	.....	.....	0	.....	.....
5. Contract loans.....	.....	.....	0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	0	.....	.....
7. Derivative instruments.....	.....	.....	0	.....	.....
8. Other invested assets.....	.....	.....	0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	2,676,454	0	2,676,454	0	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.....			.0
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.....		422,000	422,000
17. Guaranty funds receivable or on deposit.....			.0
18. Electronic data processing equipment and software.....			.0
19. Furniture and equipment, including health care delivery assets.....			.0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
21. Receivables from parent, subsidiaries and affiliates.....			.0
22. Health care and other amounts receivable.....			.0
23. Aggregate write-ins for other than invested assets.....	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	.0	422,000	422,000
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
26. TOTALS (Lines 24 and 25).....	.0	422,000	422,000

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. Loss Clearing.....			.0
2302. Equities and deposits in pools and associates.....			.0
2303.....			.0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	.0	.0	.0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

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

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the constant interest rate method. Loan-backed bonds and structured securities are carried at amortized cost using the constant interest rate method, not including anticipated prepayment at the date of purchases.
3. The Company has no common stock.
4. Preferred stocks are stated at cost.
5. The Company has no mortgage loans.
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. The Company has no interest in subsidiaries.
8. The Company has no investments in joint ventures, partnerships and limited liability corporations.
9. The Company has no derivative instruments.
10. The Company does not have premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including A & E reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred but not reported) loss estimates. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not changed 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 applicableNote 4 – Discontinued Operations - Not applicableNote 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 and/or Securities Lending Transactions - The Company does not sell or repledge collateral that it has accepted.
- F. Real Estate - Not Applicable
- G. Investments in low -income housing tax credits - Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies – Not applicable

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, 2009	January 1, 2009
Gross deferred tax assets	\$ 570,000	\$ 965,000
Gross deferred tax liabilities	274,000	196,000
Net deferred tax assets	\$ 296,000	\$ 769,000
Non-admitted deferred tax assets	-	\$ 422,000
Admitted deferred tax assets	\$ 296,000	\$ 347,000
Increase (decrease) in non-admitted deferred tax assets	\$ (422,000)	\$ (137,000)

- B. Unrecognized DTLs – Not applicable
- C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

Description	2009	2008
Federal	\$ 10,437,000	\$ 3,351,000
Foreign	-	-
Realized Capital Gains Tax	937,000	(640,000)
Federal and Foreign income taxes incurred	\$ 11,374,000	\$ 2,711,000

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, 2009	January 1, 2009	Change
Deferred Tax Assets			
Unpaid losses and LAE	\$ 404,000	\$ 662,000	\$ (258,000)
Unearned premiums	-	-	-
Other	166,000	303,000	(137,000)
Total deferred tax asset	570,000	965,000	(395,000)
Non-admitted deferred tax assets	-	422,000	(422,000)
Admitted deferred tax assets	570,000	543,000	27,000
Total deferred tax liabilities	274,000	196,000	78,000
Net admitted deferred tax assets	\$ 296,000	\$ 347,000	\$ (51,000)

- 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	\$ 11,907,000	35.0%
Dividends received deduction	(61,000)	(0.2)
Other	1,000	-
Totals	\$ 11,847,000	34.8%
Federal and foreign income taxes incurred	\$ 10,437,000	30.6%
Realized Capital Gains Tax	937,000	2.8%
Change in net deferred income taxes	473,000	1.4%
Total statutory income taxes	\$ 11,847,000	34.8%

- E. Operating Loss and Tax Credit Carry forwards

- The amount of consolidated Federal income taxes incurred and available to recoup in the event of future net losses is: current year \$318,550,000; first preceding year \$77,812,000.
- 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

- 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	

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

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships:

All of the common stock outstanding of the Company is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of the Factory Mutual Insurance Company, Johnston, RI.

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

The Company lists its transactions with affiliates on Schedule Y, Part 2. The Company owes FMIC for income taxes payable under a tax sharing agreement in the amount of \$11,559,407. 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 and relate to inter-company pooling arrangements (see footnote 25) and Inter-company Cash Management Agreements.

E. Guarantees or Contingencies for Related Parties:

The Company has no guarantees or undertakings for the benefit of affiliates.

F. Management, Service Contracts, Cost Sharing Agreements:

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

G. Nature of Relationships that could affect operations:

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

H. Amounts deducted for Investment in Upstream Company:

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

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

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

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

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

Note 11 – Debt

A. Capital Notes – Not applicable

B. All other Debt – Not applicable

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

A. Defined Benefit Plans

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

B. Defined Contribution Plans

The Company participates in a savings plan covering substantially all employees. Company contributions to the plan were \$296,000 in 2009 and \$278,000 in 2008. The plan is sponsored by Factory Mutual Insurance Company (NAIC #21482), a member of an Insurance Holding Company System. See Note 12D.

C. Multiemployer Plans - Not applicable

D. Consolidated/Holding Company Plans

Employees of the Company participate in both non-contributory retirement income plans and a postretirement benefit plan. The Company has no legal obligation for benefits under the plans and the net expense relating to the plans in 2009 is \$540,060.

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

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

NOTES TO FINANCIAL STATEMENTS

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

1. Outstanding Shares
All of the common stock, 705,000 shares (\$5 par value), is owned by FMIC Holdings, Inc. (Johnston, RI), which is a wholly-owned subsidiary of Factory Mutual Insurance Company, Johnston, RI.
2. Dividend Rate of Preferred Stock – Not applicable

3. 4. & 5. Dividend Restrictions, Amount of Ordinary Dividends that may be paid, and Restrictions on Unassigned Funds

The amount of dividends, which can be paid by state of Rhode Island domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory surplus and net income. The maximum dividend payout which may be made without prior approval in 2009 is the lesser of:

- a. 10% of surplus as regards policyholders as of the 31st day of December next preceding, or
- b. Net income, not including realized gains, for the twelve month period ending the 31st day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities.

The maximum dividend payout, which may be made without prior approval in 2009, is \$4,653,738.

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 zero.
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 – Not applicable

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

- A. Financial Instruments with off-balance sheet risk – Not applicable
- B. Financial Instruments with concentrations of credit risk – Not applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of receivables reported as sales – Not applicable
- B. Transfer and servicing of financial assets

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of \$63,868,000 and \$53,689,000 at December 31, 2009 and December 31, 2008, respectively. Borrowers of these securities must deposit with the agent 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, Appalachian Insurance Company has no managing general agents.

NOTES TO FINANCIAL STATEMENTS**Note 20 – Other Items**

- A. Extraordinary items – Not applicable
- B. Troubled Debt Restructuring for Debtors – Not applicable
- C. Other Disclosures – Not applicable
- D. Uncollectible Premiums Receivable – Not applicable
- E. Business Interruption Insurance Recoveries – Not applicable
- F. State Transferable Tax Credits - Not applicable
- G. Subprime Mortgage Related Risk Exposure - Not applicable

Note 21 – Events Subsequent

There were no events occurring subsequent to December 31, 2009 meriting disclosure.

Note 22 – Reinsurance

- A. Unsecured Reinsurance Recoverable –

NAIC CODE	FEDERAL ID	COMPANY	UNSECURED AMOUNT
00000	AA-9995022	Excess and Casualty Reinsurance Co	\$ 5,410,000
11266	13-6107326	Global Reinsurance Corp US Branch	6,372,000
22713	23-0723970	Insurance Company of North America	26,566,000
22047	13-2930109	North Star Reinsurance Corp	11,988,000

- B. Reinsurance Recoverable in Dispute – Not applicable
- C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Reserve Premium (1)	Equity Commission (2)	Reserve Premium (3)	Equity Commission (4)	Reserve Premium (5)	Equity Commission (6)
I. Affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
II. All Other	\$ -	\$ -	\$ 49,699	\$ 1,739	\$ (49,699)	\$ (1,739)
III. TOTAL	\$ -	\$ -	\$ 49,699	\$ 1,739	\$ (49,699)	\$ (1,739)
IV. Direct Unearned Premium Reserve \$ 50,630						

Description	Direct (1)	REINSURANCE		Net (4)
		Assumed (2)	Ceded (3)	
(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 which is reflected as:

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

Re insurer	Amount
Total	\$ 0

- E. Commutation of Ceded Reinsurance

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

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

- F. Retroactive Reinsurance – Not applicable
- G. Reinsurance Accounted for as a Deposit - Not applicable

NOTES TO FINANCIAL STATEMENTS

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

Note 24 – Changes in Incurred Losses and Loss Adjustment Expenses

As a result of changes in estimates of insured events related to prior years, the provision for losses and loss adjustment expenses decreased by \$8,841,000. The decrease related to changes in incurred but not reported (IBNR) reserves in the prior year.

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

Note 25 – Inter-company Pooling Arrangements

Factory Mutual Insurance Company, NAIC Code 21482, Affiliated FM Insurance Company, NAIC Code 10014, and Appalachian Insurance Company, NAIC Code 10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement. The agreement 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, plus that amount of dividends to policyholders reported on Page 4, Line 17, 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 mass 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	2005	2006	2007	2008	2009
Beginning reserves:	\$ 91,699,000	\$ 130,864,000	\$ 142,763,000	\$ 125,918,000	\$ 105,497,000
Incurring losses & loss Adjustment expense:	48,010,000	21,810,000	-	-	(26,183,000)
Calendar year payments for losses & loss adjustment expense:	8,845,000	9,911,000	16,845,000	20,421,000	12,692,000
Ending Reserves:	\$ 130,864,000	\$ 142,763,000	\$ 125,918,000	\$ 105,497,000	\$ 66,622,000

Assumed Reinsurance - Asbestos	2005	2006	2007	2008	2009
Beginning reserves:	\$ -	\$ -	\$ -	\$ -	\$ -
Incurring losses & loss Adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	\$ -	\$ -	\$ -	\$ -	\$ -

Net of Ceded Reinsurance – Asbestos	2005	2006	2007	2008	2009
Beginning reserves:	\$ 26,135,000	\$ 46,103,000	\$ 58,798,000	\$ 46,216,000	\$ 38,145,000
Incurring losses & loss Adjustment expense:	20,506,000	16,829,000	(8,356,000)	76,000	(5,476,000)
Calendar year payments for losses & loss adjustment expense:	538,000	4,134,000	4,226,000	8,147,000	3,804,000
Ending Reserves:	\$ 46,103,000	\$ 58,798,000	\$ 46,216,000	\$ 38,145,000	\$ 28,865,000

Direct - Environmental	2005	2006	2007	2008	2009
Beginning reserves:	\$ 50,153,000	\$ 29,709,000	\$ 16,608,000	\$ 16,484,000	\$ 16,299,000
Incurring losses & loss Adjustment expense:	(22,307,000)	(10,989,000)	-	-	(641,000)
Calendar year payments for losses & loss adjustment expense:	(1,863,000)	2,112,000	124,000	185,000	199,000
Ending Reserves:	\$ 29,709,000	\$ 16,608,000	\$ 16,484,000	\$ 16,299,000	\$ 15,459,000

Assumed Reinsurance - Environmental	2005	2006	2007	2008	2009
Beginning reserves:	\$ -	\$ -	\$ -	\$ -	\$ -
Incurring losses & loss Adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	\$ -	\$ -	\$ -	\$ -	\$ -

Net of Ceded Reinsurance - Environmental	2005	2006	2007	2008	2009
Beginning reserves:	\$ 19,082,000	\$ 11,467,000	\$ 7,468,000	\$ 6,992,000	\$ 6,757,000
Incurring losses & loss Adjustment expense:	(7,510,000)	(3,285,000)	(435,000)	(45,000)	(984,000)
Calendar year payments for losses & loss adjustment expense:	105,000	714,000	41,000	190,000	49,000
Ending Reserves:	\$ 11,467,000	\$ 7,468,000	\$ 6,992,000	\$ 6,757,000	\$ 5,724,000

Included in reserves above, the Company holds IBNR and/or bulk reserves. It held such reserves in the amount of \$49,347,000 (Asbestos) and \$13,117,000 (Environmental) on a direct basis and \$21,869,000 (Asbestos) and \$4,877,000 (Environmental) on a net basis at December 31, 2009.

Included in the reserves above, the Company holds future allocated loss adjustment expense reserves. It held such reserves in \$29,860,000 (Asbestos) and \$7,452,000 (Environmental) on a direct basis and \$10,126,000 (Asbestos) and \$2,052,000 (Environmental) on a net basis at December 31, 2009.

Note 33 - Subscriber Savings Accounts - Not Applicable

Note 34 - Multiple Peril Crop Insurance - Not Applicable

Note 35 – Financial Guaranty Insurance - Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Rhode Island

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____

- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/28/2006

- 3.4 By what department or departments? Rhode Island Division of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]

- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

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

1 Nationality	2 Type of Entity

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

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

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

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

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

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
John Dawson, Senior Consulting Actuary, Ernst & Young LLP 200 Clarendon Street, Boston, MA 02116-5072

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

- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

- 11.2 If yes, provide explanation. _____

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
-
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
-
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
- 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 holds 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 year end 2009 is \$63,868,310.14 and \$65,235,275.61 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 [] N/A []
- 22.5 If answer to 22.4 is yes, report amount of collateral. \$.....65,235,276
- 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 | \$.....5,700,694 |
| 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 Manhattan Plaza New York, NY 10005-1489

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

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

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds.....	185,324,441	187,906,921	2,582,480
28.2 Preferred stocks.....	2,500,000	2,500,000	0
28.3 Totals.....	187,824,441	190,406,921	2,582,480

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

The bonds are priced by NAIC/SVO, or if not available from the SVO, by IDC for computation of fair value
The preferred stock is priced by the NAIC using the NAIC valuation method 4ciB6

29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

The bonds are priced by NAIC/SVO, or if not available from the SVO, by IDC for computation of fair value
The preferred stock is priced by the NAIC using the NAIC valuation method 4ciB6

30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

30.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....0

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

1 Name	2 Amount Paid

32.1 Amount of payments for legal expenses, 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 payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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

1 Name	2 Amount Paid

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.....	\$.....60,504,681	\$.....54,054,837
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....60,712,745	\$.....58,554,866
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 []
- 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

5. FOR RECIPROCAL EXCHANGES ONLY:

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

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

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

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company uses proprietary 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 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
- Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [] No [X]
 - (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 - (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:
-
- 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:
- 12.1 Unpaid losses \$.....0
 - 12.1 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:
- 12.4 From%
 - 12.4 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:
- 12.6 Letters of credit
 - 12.6 Collateral and other funds
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....12,000,000
- 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 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 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
 15.2 If yes, give full information:

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

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes No
 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	\$.....374,000
17.12 Unfunded portion of Interrogatory 17.11	\$.....374,000
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	\$.....374,000
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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	15,359,234	18,447,591	12,052,514	9,123,104	181,350
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,121,092	3,748,503	2,433,887	1,826,446	36,637
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	60,170,754	53,418,408	53,994,517	53,998,167	51,243,789
6. Total (Line 35).....	78,651,080	75,614,502	68,480,918	64,947,717	51,461,776
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...				(338,804)	
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	284,791	280,462	285,272	157,765	(385,530)
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	58,949	47,502	42,172	5,286	(121,722)
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	60,160,754	53,408,408	53,984,517	53,988,167	51,233,789
12. Total (Line 35).....	60,504,493	53,736,372	54,311,961	53,812,414	50,726,537
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	19,865,606	730,525	16,435,354	13,329,317	11,358,282
14. Net investment gain (loss) (Line 11).....	13,214,921	7,303,047	8,963,516	6,896,658	6,038,330
15. Total other income (Line 15).....	1,861	(28,833)	(94,303)	(29,917)	(109,323)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	10,437,000	3,351,000	8,411,000	7,253,562	5,897,000
18. Net income (Line 20).....	22,645,388	4,653,739	16,893,567	12,942,496	11,390,289
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	221,848,563	189,083,780	216,281,814	197,792,424	172,773,869
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	15,995,636	13,317,151	14,086,205	14,155,497	13,080,272
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).....	77,939,690	66,972,329	99,198,745	97,301,557	87,112,662
22. Losses (Page 3, Line 1).....	25,163,592	44,118,351	51,599,576	63,698,403	61,855,854
23. Loss adjustment expenses (Page 3, Line 3).....	12,460,261	7,416,939	8,068,097	9,171,538	1,720,087
24. Unearned premiums (Page 3, Line 9).....	931	1,119	319,584	814,917	1,390,400
25. Capital paid up (Page 3, Lines 28 & 29).....	3,525,000	3,525,000	3,525,000	3,525,000	3,525,000
26. Surplus as regards policyholders (Page 3, Line 35).....	143,908,873	122,111,451	117,083,069	100,490,867	85,661,207
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	27,709,841	(25,912,199)	33,482,691	11,681,818	(3,716,952)
Risk-Based Capital Analysis					
28. Total adjusted capital.....	143,908,873	122,111,451	117,083,069	100,490,867	85,661,207
29. Authorized control level risk-based capital.....	10,493,184	11,918,127	12,937,249	14,667,446	13,410,657
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).....	96.5	93.6	100.2	100.9	101.0
31. Stocks (Lines 2.1 & 2.2).....	1.3	1.6	1.4	1.5	1.7
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	2.2	4.8	(1.6)	(2.5)	(2.7)
35. Contract loans (Line 6).....					
36. Other invested assets (Line 7).....					
37. Receivable for securities (Line 8).....				0.1	0.0
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 12, Col. 1).....					
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
43. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
44. Affiliated mortgage loans on real estate.....					
45. All other affiliated.....					
46. Total of above lines 40 to 45.....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0).....	1.7	2.0	2.1	2.5	2.9

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2009	2008	2007	2006	2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24).....					
49. Dividends to stockholders (Line 35).....					
50. Change in surplus as regards policyholders for the year (Line 38).....	21,797,423	5,028,381	16,592,203	14,829,660	11,466,771
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...	12,295,061	19,668,656	15,219,895	10,249,457	9,600,716
52. Property lines (Lines 1, 2, 9, 12, 21 & 26).....		50,000		838	(1,183)
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	(5,548)				
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
55. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	38,637,223	39,049,847	30,681,612	20,152,739	26,052,210
56. Total (Line 35).....	50,926,736	58,768,503	45,901,507	30,403,034	35,651,743
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)...	3,208,462	7,345,119	3,209,622	3,854,831	(652,538)
58. Property lines (Lines 1, 2, 9, 12, 21 & 26).....		50,000		838	(1,359)
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	(5,548)				
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
61. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	38,641,105	39,049,847	30,681,612	20,152,739	26,052,210
62. Total (Line 35).....	41,844,019	46,444,966	33,891,234	24,008,408	25,398,313
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).....	37.8	72.1	39.8	47.5	50.0
65. Loss expenses incurred (Line 3).....	4.1	5.5	4.8	3.8	3.4
66. Other underwriting expenses incurred (Line 4).....	25.3	21.1	25.4	24.2	24.8
67. Net underwriting gain (loss) (Line 8).....	32.8	1.4	30.0	24.5	21.8
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).....	25.3	21.3	25.8	24.5	25.7
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	41.9	77.6	44.6	51.3	53.4
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).....	42.0	44.0	46.4	53.6	59.2
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).....	(8,841)	35	(8,884)	13,591	(212)
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).....	(7.2)	0.0	(8.8)	15.9	(0.3)
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).....	(8,806)	(8,849)	4,707	13,546	(211)
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(7.5)	(8.8)	5.5	18.3	(0.3)

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	XXX	XXX	XXX	12,288	9,087	819	169	303			4,154	XXX	
2. 2000.....	16,204	75	16,129	6,068		8					6,076	XXX	
3. 2001.....	17,996	1,168	16,828	21,113	4,151	1,873	234	13			18,614	XXX	
4. 2002.....	35,898	790	35,108	10,456	6,546		826				3,084	XXX	
5. 2003.....	52,480	1,492	50,988	12,798	39,122	350		1,412			(24,562)	XXX	
6. 2004.....	52,025	5,335	46,690	21,064		1,541					22,605	XXX	
7. 2005.....	61,516	9,495	52,021	26,051		519		1,212			27,782	XXX	
8. 2006.....	65,618	11,231	54,387	20,153			1,301		5,202		13,650	XXX	
9. 2007.....	69,123	14,316	54,807	30,682		503		2,014			33,199	XXX	
10. 2008.....	75,986	21,931	54,055	39,050		804		1,883	2		41,735	XXX	
11. 2009.....	78,662	18,157	60,505	38,637	(4)		1,064	2	2,483		35,096	XXX	
12. Totals.....	XXX	XXX	XXX	238,360	58,902	6,417	3,594	6,839	7,687	0	181,433	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	19,997	12,037	34,049	16,845	14,434	10,947	23,968	15,249	254			37,624	XXX
2. 2000.....												0	XXX
3. 2001.....												0	XXX
4. 2002.....												0	XXX
5. 2003.....												0	XXX
6. 2004.....												0	XXX
7. 2005.....												0	XXX
8. 2006.....												0	XXX
9. 2007.....												0	XXX
10. 2008.....												0	XXX
11. 2009.....												0	XXX
12. Totals.....	19,997	12,037	34,049	16,845	14,434	10,947	23,968	15,249	254	0	0	37,624	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	25,164	12,460
2. 2000.	6,076	0	6,076	37.5	0.0	37.7			2.00	0	0
3. 2001.	22,999	4,385	18,614	127.8	375.4	110.6			2.00	0	0
4. 2002.	10,456	7,372	3,084	29.1	933.2	8.8			2.00	0	0
5. 2003.	14,560	39,122	(24,562)	27.7	2,622.1	(48.2)			2.00	0	0
6. 2004.	22,605	0	22,605	43.5	0.0	48.4			2.00	0	0
7. 2005.	27,782	0	27,782	45.2	0.0	53.4			2.00	0	0
8. 2006.	20,153	6,503	13,650	30.7	57.9	25.1			2.00	0	0
9. 2007.	33,199	0	33,199	48.0	0.0	60.6			2.00	0	0
10. 2008.	41,737	2	41,735	54.9	0.0	77.2			2.00	0	0
11. 2009.	38,639	3,543	35,096	49.1	19.5	58.0			2.00	0	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	25,164	12,460

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 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 One Year	12 Two Year
1. Prior.....	16,504	17,414	28,211	75,292	75,268	75,222	88,980	80,096	80,131	71,290	(8,841)	(8,806)
2. 2000.....	6,074	6,075	6,079	6,076	6,076	6,076	6,076	6,076	6,076	6,076	0	0
3. 2001.....	XXX	18,299	18,603	18,602	18,601	18,601	18,601	18,601	18,601	18,601	0	0
4. 2002.....	XXX	XXX	3,149	3,083	3,084	3,084	3,084	3,084	3,084	3,084	0	0
5. 2003.....	XXX	XXX	XXX	(25,833)	(25,974)	(25,974)	(25,974)	(25,974)	(25,974)	(25,974)	0	0
6. 2004.....	XXX	XXX	XXX	XXX	22,771	22,605	22,605	22,605	22,605	22,605	0	0
7. 2005.....	XXX	XXX	XXX	XXX	XXX	26,737	26,570	26,570	26,570	26,570	0	0
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	18,852	18,852	18,852	18,852	0	0
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,185	31,185	31,185	0	0
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,854	39,854	0	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	37,577	XXX	XXX
12. Totals.....											(8,841)	(8,806)

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 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	000	6,410	8,321	9,631	13,046	12,658	17,611	21,916	30,069	33,920	XXX	XXX
2. 2000.....	6,074	6,074	6,076	6,076	6,076	6,076	6,076	6,076	6,076	6,076	XXX	XXX
3. 2001.....	XXX	17,319	18,602	18,602	18,601	18,601	18,601	18,601	18,601	18,601	XXX	XXX
4. 2002.....	XXX	XXX	3,083	3,083	3,084	3,084	3,084	3,084	3,084	3,084	XXX	XXX
5. 2003.....	XXX	XXX	XXX	(25,974)	(25,974)	(25,974)	(25,974)	(25,974)	(25,974)	(25,974)	XXX	XXX
6. 2004.....	XXX	XXX	XXX	XXX	22,605	22,605	22,605	22,605	22,605	22,605	XXX	XXX
7. 2005.....	XXX	XXX	XXX	XXX	XXX	26,570	26,570	26,570	26,570	26,570	XXX	XXX
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	18,852	18,852	18,852	18,852	XXX	XXX
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,185	31,185	31,185	XXX	XXX
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,854	39,854	XXX	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	37,577	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 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....	2,994	3,426	7,865	52,024	49,089	47,051	47,049	35,128	37,458	25,923
2. 2000.....				1						
3. 2001.....	XXX	105								
4. 2002.....	XXX	XXX	66							
5. 2003.....	XXX	XXX	XXX	138						
6. 2004.....	XXX	XXX	XXX	XXX	166					
7. 2005.....	XXX	XXX	XXX	XXX	XXX	167				
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	E	559,547	559,858						
2. Alaska.....AK	E								
3. Arizona.....AZ	E	806,533	808,783						
4. Arkansas.....AR	E	690	688						
5. California.....CA	E	2,981,482	2,982,175		78,296	(220,378)	1,740,382		
6. Colorado.....CO	E	340,578	340,758						
7. Connecticut.....CT	E				34,414	(4,245,428)	10,457,158		
8. Delaware.....DE	E	18,329	18,389						
9. District of Columbia.....DC	E					342	382		
10. Florida.....FL	E	6,053,278	6,058,778			(90,824)	228,689		
11. Georgia.....GA	E	645,528	646,180			(14)	34		
12. Hawaii.....HI	E								
13. Idaho.....ID	E								
14. Illinois.....IL	E	1,814	1,809			237,198	237,758		
15. Indiana.....IN	E	96,816	96,863						
16. Iowa.....IA	E	24,431	24,438						
17. Kansas.....KS	E								
18. Kentucky.....KY	E	804,624	804,966						
19. Louisiana.....LA	E	33,772	33,806			(52,364)	131,849		
20. Maine.....ME	E								
21. Maryland.....MD	E	84,051	84,180						
22. Massachusetts.....MA	E	6,278	6,298			(1)	3		
23. Michigan.....MI	E	56	56						
24. Minnesota.....MN	E								
25. Mississippi.....MS	E	294	293			(7)	18		
26. Missouri.....MO	E	36,181	36,131			(144)	84		
27. Montana.....MT	E								
28. Nebraska.....NE	E	49,689	49,780						
29. Nevada.....NV	E	397,359	397,810						
30. New Hampshire.....NH	E								
31. New Jersey.....NJ	E	494	493						
32. New Mexico.....NM	E	141,532	141,550						
33. New York.....NY	E	36,306	36,207		1,997,986	(18,916,562)	36,970,862		
34. North Carolina.....NC	E	356,531	356,402						
35. North Dakota.....ND	E								
36. Ohio.....OH	E	492,543	492,707						
37. Oklahoma.....OK	E	20,410	20,455						
38. Oregon.....OR	E	47,428	47,488						
39. Pennsylvania.....PA	E	490,798	490,946		8,521,167	(24,568,017)	4,266,515		
40. Rhode Island.....RI	L				(1,247)	(1,740)	1,242		
41. South Carolina.....SC	E	199,134	199,024			(42)	105		
42. South Dakota.....SD	E								
43. Tennessee.....TN	E	511,442	512,660						
44. Texas.....TX	E	3,032,026	3,024,397		1,649,951	(4,424,907)	9,401		
45. Utah.....UT	E	36,801	42,796						
46. Vermont.....VT	E								
47. Virginia.....VA	E		120						
48. Washington.....WA	E	157,512	157,151		14,494	(39,743)	1,152		
49. West Virginia.....WV	E	3,713	3,712			8,333	1,000		
50. Wisconsin.....WI	E				(5,548)	(5,548)			
51. Wyoming.....WY	E	12,326	12,347						
52. American Samoa.....AS	N								
53. Guam.....GU	E								
54. Puerto Rico.....PR	E								
55. US Virgin Islands.....VI	E								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CN	E								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....(a)	1	18,480,326	18,490,493	0	12,289,513	(52,319,847)	54,046,636	0	0

DETAILS OF WRITE-INS

5801.....XXX									
5802.....XXX									
5803.....XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0	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		Owned by
				Common Stock	Preferred Stock	
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		Owned by
				Common Stock	Preferred Stock	
N/A	RI	FMIC Holdings, Inc.	05-6009005	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
N/A	Brazil	FMIC Escritorio de Representacao No Brasil Ltda	None	100%	0%	Factory Mutual Insurance Company

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