



ANNUAL STATEMENT

For the Year Ended December 31, 2010
of the Condition and Affairs of the

AFFILIATED FM INSURANCE COMPANY

NAIC Group Code.....65, 65 (Current Period) (Prior Period)	NAIC Company Code..... 10014	Employer's ID Number..... 05-0254496
Organized under the Laws of Rhode Island Incorporated/Organized..... May 6, 1949	State of Domicile or Port of Entry Rhode Island Commenced Business..... June 1, 1950	Country of Domicile US
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.
Jonathan D. Mariner #	Gracia Catherine Martore	Christine M. McCarthy #	Robert Joseph O'Toole
John Ross Paloian	David Pulman	Edward Joseph Rapp	Graham Basil Spanier #
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 _____ 1st day of _____ February, 2011

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).....	1,118,440,219		1,118,440,219	1,074,841,345
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	3,357,000
2.2 Common stocks.....	322,947,718		322,947,718	95,160,140
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 (\$.....7,843,609, Sch. E-Part 1), cash equivalents (\$.....22,337,763, Sch. E-Part 2) and short-term investments (\$.....94,223,022, Sch. DA).....	124,404,394		124,404,394	136,351,895
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	192,000		192,000	124,999
10. Securities lending reinvested collateral assets.....	121,542,222		121,542,222	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,687,526,553	0	1,687,526,553	1,309,835,379
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	11,955,523		11,955,523	11,108,380
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	114,150,546	1,125,893	113,024,653	106,287,116
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	77,863,703		77,863,703	71,139,371
16.2 Funds held by or deposited with reinsured companies.....	29,845		29,845	46,310
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	4,788,953
18.2 Net deferred tax asset.....	9,811,000		9,811,000	24,917,000
19. Guaranty funds receivable or on deposit.....	368,747		368,747	641,547
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....	573,057		573,057	
23. Receivables from parent, subsidiaries and affiliates.....	769,347		769,347	81,521,295
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	13,502,952	0	13,502,952	11,431,266
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,916,551,273	1,125,893	1,915,425,380	1,621,716,617
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	1,916,551,273	1,125,893	1,915,425,380	1,621,716,617

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Equities and deposits in pools and associations.....	350,000		350,000	350,000
2502. Accounts Receivable State Tax Refunds.....	165,352		165,352	353,186
2503. Accounts Receivable Miscellaneous.....	287,537		287,537	249,344
2598. Summary of remaining write-ins for Line 25 from overflow page.....	12,700,063	0	12,700,063	10,478,736
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	13,502,952	0	13,502,952	11,431,266

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	364,365,549	298,597,356
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	1,268,653	7,840,825
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	54,218,473	79,239,434
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....		62,750
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,219,961	6,485,943
7.1 Current federal and foreign income taxes (including \$.....2,683,000 on realized capital gains (losses)).....	44,407,807	63,068,047
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 \$.....79,215,872 and including warranty reserves of \$.....0).....	271,344,912	259,161,906
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	172,192	163,003
12. Ceded reinsurance premiums payable (net of ceding commissions).....	76,644,347	56,247,909
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.....	497,398	350,148
15. Remittances and items not allocated.....	99,694	24,544
16. Provision for reinsurance (Schedule F, Part 7).....	8,269,560	6,454,472
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		3,257,261
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....	25,656,904	6,359,280
22. Payable for securities lending.....	121,542,222	
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	8,355,858	6,189,726
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	982,063,530	793,502,604
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	982,063,530	793,502,604
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	4,000,000	4,000,000
31. Preferred capital stock.....	7,250,000	7,250,000
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	272,735,661	271,810,662
35. Unassigned funds (surplus).....	649,376,189	545,153,351
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	933,361,850	828,214,013
38. TOTALS (Page 2, Line 28, Col. 3).....	1,915,425,380	1,621,716,617

DETAILS OF WRITE-INS

2501. Miscellaneous Accounts Payable.....	8,355,858	6,189,726
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	8,355,858	6,189,726
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	335,486,590	363,402,193
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	157,800,939	137,335,551
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	12,261,786	14,717,285
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	93,402,732	91,781,614
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	263,465,457	243,834,450
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	72,021,133	119,567,743
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	56,653,852	57,672,943
10. Net realized capital gains (losses) less capital gains tax of \$.....2,683,000 (Exhibit of Capital Gains (Losses)).....	4,982,002	909,936
11. Net investment gain (loss) (Lines 9 + 10).....	61,635,854	58,582,879
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....126,521).....	(126,521)	49,627
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(81,187)	(106,295)
15. Total other income (Lines 12 through 14).....	(207,708)	(56,668)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	133,449,279	178,093,954
17. Dividends to policyholders.....	340,621	374,111
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).....	133,108,658	177,719,843
19. Federal and foreign income taxes incurred.....	46,666,711	62,328,391
20. Net income (Line 18 minus Line 19) (to Line 22).....	86,441,947	115,391,452
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	828,214,013	695,534,791
22. Net income (from Line 20).....	86,441,947	115,391,452
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....11,209,000.....	19,434,421	3,925,425
25. Change in net unrealized foreign exchange capital gain (loss).....	3,830,318	5,575,451
26. Change in net deferred income tax.....	(3,897,000)	(722,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	565,708	9,190,140
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(1,815,088)	(1,716,594)
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.....	924,999	1,600,000
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(507,500)	(507,500)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	170,032	(57,151)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	105,147,837	132,679,223
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	933,361,850	828,214,013
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous Income (Expense).....	(81,187)	(106,295)
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).....	(81,187)	(106,295)
3701. Foreign exchange.....	170,032	(57,151)
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).....	170,032	(57,151)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	361,894,205	360,723,927
2. Net investment income.....	56,068,547	59,387,995
3. Miscellaneous income.....	(207,708)	(56,668)
4. Total (Lines 1 through 3).....	417,755,043	420,055,254
5. Benefit and loss related payments.....	105,367,981	192,924,682
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	130,366,515	66,324,083
8. Dividends paid to policyholders.....	331,433	322,822
9. Federal and foreign income taxes paid (recovered) net of \$.....(1,056,613) tax on capital gains (losses).....	63,220,998	25,336,197
10. Total (Lines 5 through 9).....	299,286,927	284,907,784
11. Net cash from operations (Line 4 minus Line 10).....	118,468,116	135,147,470
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	302,829,081	292,858,731
12.2 Stocks.....	54,104,568	15,304,403
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.....	5,553	(11,080)
12.7 Miscellaneous proceeds.....	19,297,624	6,619,816
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	376,236,826	314,771,870
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	336,757,341	334,442,275
13.2 Stocks.....	250,444,588	79,505,637
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	122,467,222	1,600,000
13.6 Miscellaneous applications.....	67,001	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	709,736,152	415,547,912
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).....	(333,499,326)	(100,776,042)
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.....	924,999	1,600,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	507,500	507,500
16.6 Other cash provided (applied).....	202,666,210	(55,984,746)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	203,083,709	(54,892,246)
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).....	(11,947,502)	(20,520,818)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	136,351,895	156,872,713
19.2 End of year (Line 18 plus Line 19.1).....	124,404,394	136,351,895

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.....	187,729,558	99,016,138	100,617,840	186,127,855
2. Allied lines.....	105,207,078	52,861,677	56,058,975	102,009,780
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....	1,596,326	887,747	926,622	1,557,451
5. Commercial multiple peril.....	57,713,036	27,075,912	28,327,992	56,460,956
6. Mortgage guaranty.....				.0
8. Ocean marine.....	19,452,099	8,190,321	8,898,932	18,743,488
9. Inland marine.....	138,378,058	70,273,677	75,833,887	132,817,848
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.....	102	.57	.54	105
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.....	1,013,754	856,377	680,607	1,189,524
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....	(163,420,583)			(163,420,583)
32. Reinsurance - nonproportional assumed liability.....	168			168
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	347,669,596	259,161,906	271,344,912	335,486,590

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.....	100,617,840				100,617,840
2. Allied lines.....	56,058,975				56,058,975
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....	926,622				926,622
5. Commercial multiple peril.....	28,327,992				28,327,992
6. Mortgage guaranty.....					.0
8. Ocean marine.....	8,898,932				8,898,932
9. Inland marine.....	75,833,887				75,833,887
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.....	54				54
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.....	680,607				680,607
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.....	271,344,912	.0	.0	.0	271,344,912
36. Accrued retrospective premiums based on experience.....					.0
37. Earned but unbilled premiums.....					.0
38. Balance (sum of Lines 35 through 37).....					271,344,912

DETAILS OF WRITE-INS

	1	2	3	4	5
3401. ....					.0
3402. ....					.0
3403. ....					.0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		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.....	229,636,514	931,755		1,049,109	41,789,603	187,729,558
2. Allied lines.....	141,119,873	703,625	160,603	899,228	35,877,796	105,207,078
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	1,615,601				19,275	1,596,326
5. Commercial multiple peril.....	71,883,231	38,036			14,208,231	57,713,036
6. Mortgage guaranty.....						0
8. Ocean marine.....	19,423,816	527,560	104,470		603,747	19,452,099
9. Inland marine.....	183,735,192	762,566		1,127,664	44,992,036	138,378,058
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.....	102					102
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.....	42,948,215	114,704		40,605,116	1,444,049	1,013,754
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX			163,420,583		(163,420,583)
32. Reinsurance - nonproportional assumed liability.....	XXX		168			168
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.....	690,362,543	3,078,246	265,241	207,101,700	138,934,736	347,669,596

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.....	66,481,480	5,008,295	15,845,600	55,644,176	66,606,975	73,037,419	49,213,732	26.4
2.	Allied lines.....	60,626,464		7,111,722	53,514,743	88,113,361	37,159,104	104,469,000	102.4
3.	Farmowners multiple peril.....				0			0	
4.	Homeowners multiple peril.....	549,642			549,642	83,776	200,687	432,731	27.8
5.	Commercial multiple peril.....	25,015,439		6,434,876	18,580,564	14,492,578	18,912,006	14,161,136	25.1
6.	Mortgage guaranty.....				0			0	
8.	Ocean marine.....	10,924,753	1,383,300	123,783	12,184,271	15,888,893	20,663,152	7,410,012	39.5
9.	Inland marine.....	76,014,758		10,414,864	65,599,895	65,534,198	53,450,979	77,683,114	58.5
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.....	512,876		456,009	56,868	828,580	884,757	691	660.1
17.1	Other liability - occurrence.....	7,149,415	53,343	6,646,922	555,836	6,449,320	19,714,399	(12,709,243)	
17.2	Other liability - claims-made.....				0			0	
17.3	Excess workers' compensation.....				0			0	
18.1	Products liability - occurrence.....	7,136,425		135,886	7,000,539	94,640,508	68,926,285	32,714,762	
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.....	6,829		(16,253)	23,082			23,082	
24.	Surety.....				0			0	
26.	Burglary and theft.....				0			0	
27.	Boiler and machinery.....	12,803,637		9,338,145	3,465,492	7,428,257	1,273,266	9,620,483	808.8
28.	Credit.....				0			0	
29.	International.....				0			0	
30.	Warranty.....				0			0	
31.	Reinsurance - nonproportional assumed property.....	XXX		125,204,392	(125,204,392)			(125,204,392)	76.6
32.	Reinsurance - nonproportional assumed liability.....	XXX	62,316	284	62,032	4,299,103	4,375,302	(14,167)	(8,432.7)
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
35.	TOTALS	267,221,718	6,507,255	181,696,227	92,032,746	364,365,549	298,597,356	157,800,939	47.0

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

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.....	55,257,671	436,092	9,131,786	46,561,977	24,873,363	214,635	5,043,000	66,606,975	5,181,053
2. Allied lines.....	68,388,166		6,820,805	61,567,361	28,968,000		2,422,000	88,113,361	7,933,000
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	83,776			83,776				83,776	
5. Commercial multiple peril.....	13,415,532		3,732,954	9,682,578	6,135,000		1,325,000	14,492,578	835,941
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	11,330,551	79,551	518,209	10,891,893	5,181,000		184,000	15,888,893	1,679,400
9. Inland marine.....	56,888,417	75,000	10,491,219	46,472,198	22,788,000		3,726,000	65,534,198	4,198,659
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.....	1,715,505		1,403,596	311,909	638,818		122,147	828,580	52,850
17.1 Other liability - occurrence.....	5,340,823	104,400	3,979,694	1,465,529	9,515,708	694,100	5,226,017	6,449,320	3,824,161
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....	73,825,705		38,967,591	34,858,114	132,314,919		72,532,525	94,640,508	29,012,713
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.....	12,110,443		7,682,186	4,428,257	5,973,000		2,973,000	7,428,257	1,488,000
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	339,914	311	339,603	XXX	3,959,500		4,299,103	12,696
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	298,356,589	1,034,957	82,728,351	216,663,195	236,387,808	4,868,235	93,553,689	364,365,549	54,218,473
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	(39,408,699)			(39,408,699)
1.2 Reinsurance assumed.....	12,182,464			12,182,464
1.3 Reinsurance ceded.....	(33,155,055)			(33,155,055)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	5,928,820	.0	.0	5,928,820
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		62,787,124		62,787,124
2.2 Reinsurance assumed, excluding contingent.....		633,113		633,113
2.3 Reinsurance ceded, excluding contingent.....		55,029,810		55,029,810
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	8,390,427	.0	8,390,427
3. Allowances to manager and agents.....				.0
4. Advertising.....		1,772,483		1,772,483
5. Boards, bureaus and associations.....		27,101		27,101
6. Surveys and underwriting reports.....	88,552	1,140,414		1,228,966
7. Audit of assureds' records.....				.0
8. Salary and related items:				
8.1 Salaries.....	4,365,266	42,192,739	497,610	47,055,615
8.2 Payroll taxes.....	248,915	2,554,296	21,401	2,824,612
9. Employee relations and welfare.....	911,151	8,840,332	115,374	9,866,857
10. Insurance.....	1,566	968,992		970,558
11. Directors' fees.....		30,209		30,209
12. Travel and travel items.....	193,333	2,430,063	5,242	2,628,638
13. Rent and rent items.....	394,611	3,147,449	1,750	3,543,810
14. Equipment.....	20,522	1,460,139	4,972	1,485,633
15. Cost or depreciation of EDP equipment and software.....				.0
16. Printing and stationery.....	50,775	704,620	7,086	762,481
17. Postage, telephone and telegraph, exchange and express.....	53,729	1,614,317	52,796	1,720,842
18. Legal and auditing.....	4,543	118,946		123,489
19. Totals (Lines 3 to 18).....	6,332,966	67,002,099	706,231	74,041,296
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		17,269,394		17,269,394
20.2 Insurance department licenses and fees.....		467,924		467,924
20.3 Gross guaranty association assessments.....		(1,328,202)		(1,328,202)
20.4 All other (excluding federal and foreign income and real estate).....				.0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	.0	16,409,116	.0	16,409,116
21. Real estate expenses.....				.0
22. Real estate taxes.....				.0
23. Reimbursements by uninsured plans.....				.0
24. Aggregate write-ins for miscellaneous expenses.....	.0	1,601,090	246,139	1,847,229
25. Total expenses incurred.....	12,261,786	93,402,732	952,370	(a) 106,616,888
26. Less unpaid expenses - current year.....	54,218,472	5,219,961		59,438,433
27. Add unpaid expenses - prior year.....	79,239,432	6,548,693	1,374,896	87,163,021
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).....	37,282,746	94,731,464	2,327,266	134,341,476

DETAILS OF WRITE-INS

2401. BANK ACTIVITY FEES.....		2,393	34,496	36,889
2402. CONSULTANTS.....		731,139		731,139
2403. CONTRIBUTIONS.....		25,000		25,000
2498. Summary of remaining write-ins for Line 24 from overflow page.....	.0	842,558	211,642	1,054,200
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	.0	1,601,090	246,139	1,847,229

(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).....16,062,957	.....15,879,476
1.1 Bonds exempt from U.S. tax.....	(a).....1,615,339	.....1,710,070
1.2 Other bonds (unaffiliated).....	(a).....34,097,578	.....34,567,387
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....4,456,312	.....4,924,839
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	(d).....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....144,106	.....144,106
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....408,755	.....408,754
10. Total gross investment income.....	.....56,785,046	.....57,634,633
11. Investment expenses.....		(g).....952,370
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....28,412
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).....		.....980,781
17. Net investment income (Line 10 minus Line 16).....		.....56,653,852

DETAILS OF WRITE-INS

0901. Prior Year Income.....	40,704	40,704
0902. Miscellaneous Income.....	140,611	140,611
0903. Security Lending Interest Income.....	137,702	137,702
0998. Summary of remaining write-ins for Line 9 from overflow page.....	89,737	89,737
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	408,755	408,754
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		0

- (a) Includes \$.....1,415,889 accrual of discount less \$.....2,882,588 amortization of premium and less \$.....1,454,992 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 \$.....12,010 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 \$.....952,370 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.....	8,224,060		8,224,060		
1.1 Bonds exempt from U.S. tax.....	391,134		391,134		
1.2 Other bonds (unaffiliated).....	2,458,620		2,458,620	63,496	
1.3 Bonds of affiliates.....			0		
2.1 Preferred stocks (unaffiliated).....			0		
2.11 Preferred stocks of affiliates.....			0	18,000	
2.2 Common stocks (unaffiliated).....	3,095,224	(6,509,588)	(3,414,364)	31,486,924	
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.....	5,553		5,553		
7. Derivative instruments.....			0	(924,999)	
8. Other invested assets.....			0		
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	14,174,590	(6,509,588)	7,665,002	30,643,421	0

DETAILS OF WRITE-INS

0901.	0	0	0	0	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. Derivatives.....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets.....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	1,125,893	1,691,601	.565,708
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....			.0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,125,893	1,691,601	.565,708
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	1,125,893	1,691,601	.565,708

DETAILS OF WRITE-INS

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Equities and deposits in pools and associations.....			.0
2502. Accounts Receivable State Tax Refunds.....			.0
2503. Accounts Receivable Miscellaneous.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	.0	.0	.0

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A. Accounting Practices

The annual statement of Affiliated FM Insurance Company ("Company") has been completed in accordance with the NAIC Accounting Practices and Procedures Manual and the state laws of Rhode Island, except that the Company applies paragraph 5 (a) of SSAP 23, rather than paragraph 5(b) of SSAP 23, with respect to the methodology applied in translating the Company's Canadian branch to USD. This is consistent with the methodology used in prior years, and a formal request for permitted practice has been filed and is pending with the State of Rhode Island. The total adjustment to convert the balance sheet to USD is \$573,057, which appears on line 22 – "net adjustment in assets and liabilities due to foreign exchange rates", on page 2 – "Assets" of the 2010 annual statement. There is no net impact on surplus, and the effect on 2010 net income would be a decrease to net income in the amount of approximately \$526,000 (which would be offset by a corresponding increase to surplus).

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. Common Stocks, except investments of stocks of subsidiaries, are stated at market.
4. Preferred stocks are stated at the lower of cost or fair value.
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 one non-insurance subsidiary, stated at GAAP equity value adjusted to a Statutory equity value.
8. Investments in joint ventures, partnerships and limited liability corporations are stated at the underlying audited GAAP equity value.
9. The Company has no derivatives.
10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including A & E reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred but not reported) loss estimates. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company has no "pharmaceutical rebate receivables."

Note 2 – Accounting Changes and Correction of Errors

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

Note 3 – Business Combinations and Goodwill - Not 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

1. 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 obtained from Bloomberg. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.
2. Not applicable
3. Not applicable
4. The aggregate amount of unrealized losses and the associated fair value for loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss are as follows:

NOTES TO FINANCIAL STATEMENTSNote 5 – Investments (continued from preceding page)

	Unrealized Loss	Fair Value
Aggregate unrealized losses less than 12 months	\$ 229,755	\$ 14,319,655
Aggregate unrealized losses greater than 12 months	21,770	720,253

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

1. Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of the fair value of foreign securities loaned as of the transaction date. The collateral level is monitored daily and additional cash calls are made by the agent if needed to retain the 102% or 105% collateral amount. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged as collateral in high quality short term securities. The cash collateral received under the securities lending agreement and invested in short term securities is included in the "Securities lending reinvested collateral assets" on Page 2 Line 10 and the offsetting liability in the "Payable for securities lending" on Page 3 Line 22.
2. Not applicable
3. Collateral permitted by contract to sell or repledge
 - a. Not applicable
 - b. The aggregate fair value of all securities acquired from the sale, trade or use of accepted collateral is \$121,542,222.
 - c. The securities acquired from the use of the cash collateral are managed by the agent using conservative guidelines regarding the type, duration and quality of investments permitted.
4. The company has no collateral for which the "one-line" reporting is optional.
5. The amortized cost and fair value of the reinvested cash collateral is \$121,542,222.
 - a. The maturity dates of the reinvested cash collateral are as follows:

Under 30 days	\$ 80,546,040
31 to 60 days	30,996,182
61 to 90 days	10,000,000
Total	\$121,542,222

- b. The agent matches the maturity dates of the cash collateral with the expected return dates of that collateral.

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 applicableNote 7 – Investment Income

- A. The Company does not admit investment income due and accrued if the amounts are over 90 days past due.
- B. Amounts Non-admitted - Not applicable

Note 8 – Derivative Instruments – Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes

A. The components of the net DTA recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

1. Total of all DTAs and DTLs by tax character as well as the net change:

	December 31, 2010			December 31, 2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
A) Gross Deferred Tax Assets	31,843,000	3,404,000	35,247,000	33,195,000	1,188,000	34,383,000	(1,352,000)	2,216,000	864,000
B) Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
C) Adjusted Gross Deferred Tax Assets (1a-1b)	31,843,000	3,404,000	35,247,000	33,195,000	1,188,000	34,383,000	(1,352,000)	2,216,000	864,000
D) Deferred Tax Liabilities	10,550,000	14,886,000	25,436,000	6,089,000	3,377,000	9,466,000	4,461,000	11,509,000	15,970,000
E) Subtotal (Net Deferred Tax Assets)	21,293,000	(11,482,000)	9,811,000	27,106,000	(2,189,000)	24,917,000	(5,813,000)	(9,293,000)	(15,106,000)
F) Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
G) Net Admitted Deferred Tax Assets (1e-1f)	21,293,000	(11,482,000)	9,811,000	27,106,000	(2,189,000)	24,917,000	(5,813,000)	(9,293,000)	(15,106,000)

2. The Company has not elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10e. The current period election does not differ from the prior reporting period.

3. Components by tax character of additional DTAs pursuant to SSAP 10R, paragraph 10e election - Not applicable.

4. DTA Admissibility

	December 31, 2010			December 31, 2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
A) Paragraph 10.a. (prior-year federal taxes recoverable by carrying back temporary differences reversing within one year)	26,602,000	-	26,602,000	23,782,000	714,000	24,496,000	2,820,000	(714,000)	2,106,000
B) Paragraph 10.b. (lesser of 10.b.i or 10.b.ii)	-	-	-	-	440,000	440,000	-	(440,000)	(440,000)
C) Paragraph 10.b.i (DTA after applying 10a, expected to be realized within one year)	-	-	-	-	440,000	440,000	-	(440,000)	(440,000)
D) Paragraph 10.b.ii (Ten percent of adjusted statutory capital and surplus from the most recent filed statement)	XXX	XXX	85,448,589	XXX	XXX	77,391,768	XXX	XXX	8,056,821
E) Paragraph 10.c. (Adjusted Gross DTA, after 10a and 10b that can be offset against existing DTLs)	5,241,000	3,404,000	8,645,000	9,413,000	34,000	9,447,000	(4,172,000)	3,370,000	(802,000)
F) Total (4a+4b+4e) - Admissible amount without Election	31,843,000	3,404,000	35,247,000	33,195,000	1,188,000	34,383,000	(1,352,000)	2,216,000	864,000

NOTES TO FINANCIAL STATEMENTS

Note 9 – Income Taxes (continued from preceding page)

	December 31, 2010			December 31, 2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, paragraph 10.e. (not applicable - not elected):									
G) Paragraph 10e.i. (prior-year federal taxes recoverable by carrying back temporary differences reversing within three years)			-			-			-
H) Paragraph 10e.ii. (lesser of 10.e.ii or 10.e.ii.a)			-			-			-
I) Paragraph 10e.ii.a. (DTA after applying 10.e.i, expected to be realized within three years)			-			-			-
J) Paragraph 10e.ii.b. (fifteen percent of adjusted statutory capital and surplus from the most recent filed statement)	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
K) Paragraph 10e.iii (Adjusted Gross DTA, after 10e.i and 10.e.ii that can be offset against existing DTLs)			-			-			-
L) Total (4g+4h+4k) - Elective admissible amount	-	-	-	-	-	-	-	-	-
SSAP 10R, Paragraph 10.d.:									
M) Total Adjusted Capital	XXX	XXX	933,361,850	XXX	XXX	828,214,013	XXX	XXX	105,147,837
N) Authorized Control Level	XXX	XXX	59,375,929	XXX	XXX	47,233,888	XXX	XXX	12,142,041

5. Amount of DTA (before 10e election, and with 10e election)

	December 31, 2010			December 31, 2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
A) Admitted Deferred Tax Assets	21,293,000	(11,482,000)	9,811,000	27,106,000	(2,189,000)	24,917,000	(5,813,000)	(9,293,000)	(15,106,000)
B) Admitted Assets	XXX	XXX	1,915,425,380			1,621,716,617			293,708,763
C) Adjusted Statutory Surplus *	XXX	XXX	854,485,887			773,917,680			80,568,207
D) Total Capital from DTA's			9,811,000			24,917,000			(15,106,000)
SSAP 10R, paragraph 10.e. (not applicable - not elected):									
E) Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
F) Admitted Assets	-	-	-	-	-	-	-	-	-
G) Statutory Surplus									

*As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, Paragraph 10bii.

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**

6. Tax planning strategy summary - Not applicable

B. Unrecognized DTL's – Not applicable

C. Current Tax and Change in Deferred Tax

1. The provisions for income taxes incurred on earnings for the years ended December 31 are:

	December 31, 2010		
	2010	2009	Change
A) Federal	38,575,000	58,504,000	(19,929,000)
B) Foreign	8,091,711	3,824,391	4,267,320
C) Subtotal	46,666,711	62,328,391	(15,661,680)
D) Realized capital gains	2,683,000	820,000	1,863,000
E) Other	-	-	-
F) Federal and foreign income taxes incurred	49,349,711	63,148,391	(13,798,680)

2. Deferred Tax Assets

	December 31, 2010		
	2010	2009	Change
A) Ordinary			
1) Discounting of unpaid losses and LAE	5,730,000	5,107,000	623,000
2) Unearned premium reserve	18,918,000	18,195,000	723,000
3) Nonadmitted assets	390,000	264,000	126,000
4) Tax credit carry-forward	4,489,000	4,061,000	428,000
5) Other	2,316,000	5,568,000	(3,252,000)
Subtotal	31,843,000	33,195,000	(1,352,000)
B) Statutory Valuation Allowance Adjustment	-	-	-
C) Nonadmitted Deferred Tax Assets	-	-	-
D) Admitted Ordinary Deferred Tax Assets	31,843,000	33,195,000	(1,352,000)
E) Capital			
1) Investments	3,314,000	1,103,000	2,211,000
2) Other	90,000	85,000	5,000
Subtotal	3,404,000	1,188,000	2,216,000
F) Statutory Valuation Allowance Adjustment	-	-	-
G) Nonadmitted Deferred Tax Assets	-	-	-
H) Admitted Capital Deferred Tax Assets	3,404,000	1,188,000	2,216,000
I) Admitted deferred tax assets (2d + 2h)	35,247,000	34,383,000	864,000

3. Deferred Tax Liabilities

	December 31, 2010		
	2010	2009	Change
A) Ordinary			
1) Investments	-	-	-
2) Other	10,550,000	6,089,000	4,461,000
Subtotal	10,550,000	6,089,000	4,461,000
B) Capital			
1) Investments	14,886,000	3,377,000	11,509,000
2) Other	-	-	-
Subtotal	14,886,000	3,377,000	11,509,000
C) Deferred Tax Liabilities	25,436,000	9,466,000	15,970,000

4. Net Deferred Tax Assets/Liabilities (2i-3c) 9,811,000 24,917,000 (15,106,000)

NOTES TO FINANCIAL STATEMENTSNote 9 – Income Taxes (continued from preceding page)

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The significant items causing a difference between the statutory federal income tax rate and the Company's effective income tax rate are as follows:

	December 31, 2010	Effective Tax Rate
Provision computed at statutory rate	47,527,000	35.0%
Tax exempt income deduction	(429,000)	-0.3%
Unrealized foreign exchange gain	6,807,000	5.0%
Change in nonadmitted assets	(126,000)	-0.1%
Dividends received deduction	(834,000)	-0.6%
Proration of tax exempt investment income	189,000	0.1%
Nondeductible expenses	4,000	0.0%
Effect of foreign operations	1,349,000	1.0%
Adjustment – prior year	(1,243,000)	-0.9%
Other	2,711	0.0%
Totals	53,246,711	39.2%
Federal and foreign income taxes incurred	46,666,711	34.3%
Current taxes on realized capital gains	2,683,000	2.0%
Change in net deferred income taxes	3,897,000	2.9%
Total statutory income taxes	53,246,711	39.2%

E. Operating Loss and Tax Credit Carryforwards

- At December 31, 2010 the Company did not have any unused operating loss carry forwards available to offset against future taxable income.
- The following is the amount of consolidated Federal income tax expense for 2010 and 2009 that is available for recoupment in the event of future net losses:

Year	Amount
2010	184,957,000
2009	296,018,976

- The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

- The Company's federal income tax return is consolidated with the following entities:

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

- The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled annually.

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships:

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

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

The Company lists its transactions with affiliates on Schedule Y, Part 2. There were no non-insurance transactions between the Company and any affiliates, which exceeded one-half of 1% of admitted assets.

C. Change in terms of intercompany arrangements - Not applicable

D. Amounts Due to or from Related Parties:

Amounts shown on Page 2, Line 23 and/or Page 3, Line 19 include balances owed to and from affiliates relating to intercompany pooling arrangements (see Footnote 26) and Intercompany Cash Management Agreements.

E. Guarantees or Contingencies for Related Parties - Not applicable

F. Management, Service Contracts, Cost Sharing Agreements:

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

G. Nature of Relationships that could affect operations:

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

H. Amounts deducted for Investment in Upstream Company:

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

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates (continued from preceding page)

- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets - Not applicable
- J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies - Not applicable
- K. The Company does not own any foreign subsidiaries; therefore this disclosure regarding interest rates and mortality assumptions used in connection with calculating an investment in a foreign subsidiary by adjusting annuity GAAP account value reserves using CARVM and the related Actuarial Guidelines is not applicable.
- L. The Company does not own any downstream non-insurance holding companies; therefore this disclosure regarding utilizing the look-through approach for the valuation of a downstream non-insurance holding company is not applicable.

Note 11 – Debt

- A. Capital Notes – Not applicable
- B. All other Debt – Not applicable

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

A. Defined Benefit Plans

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

B. Defined Contribution Plans

The Company participates in a savings plan covering substantially all employees. Company contributions to the plan were \$1,860,000 in 2010 and \$1,776,000 in 2009. The Plan is sponsored by Factory Mutual Insurance Company (NAIC #21482), a member of an Insurance Holding Company System. See Note 12D.

C. Multiemployer Plans - Not applicable

D. Consolidated/Holding Company Plans

Employees of the Company participate in both non-contributory retirement income plans and a post-retirement benefit plan. The Company has no legal obligation for benefits under the plans and the net expense relating to the plans in 2010 was \$5,612,040.

- E. Post-employment benefits and compensated absences - Not applicable
- F. Impact of Medicare Modernization Act on Postretirement Benefits - Not applicable

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

1. Outstanding Shares

The Company has outstanding 72,500 shares of 7% cumulative preferred stock. Detailed support is shown on Schedule Y, Part 1. As of December 31, 2010, there were no accrued dividends outstanding.

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

3. 4. & 5. Dividend Restrictions, Dividends Paid & Amount of Ordinary Dividends That May Be Paid

The maximum amount of dividends, which can be paid by State of Rhode Island insurance companies to shareholders without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory surplus and net income. The maximum dividend payout which may be made without prior approval in 2010 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 2010, is \$82,821,401.

The Company paid two ordinary dividends of \$87,500 each on April 1, 2010 and October 1, 2010.

6. Restrictions on Unassigned Funds – Not applicable

7. Advances to Surplus Not Repaid - Not applicable

8. & 9. Changes in Special Surplus Funds and Company Stock Held for Special Purposes – Not applicable

10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is \$40,407,000. This unrealized gain is not net of the applicable deferred tax liability of \$14,142,000.

11. Surplus Notes - Not applicable

12. & 13. Quasi-Reorganizations - Not applicable

NOTES TO FINANCIAL STATEMENTSNote 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 applicableNote 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
 - 1. Transfer of financial assets – not applicable
 - 2. Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of \$209,753,069 and \$181,411,000 at December 31, 2010 and December 31, 2009, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of foreign securities. 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. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged in high quality short term securities. There are no collateral transactions that extend beyond one year.
 - 3. Servicing assets and servicing liabilities - Not applicable
 - 4. Securitized financial assets that transfer as a sale – Not applicable
 - 5. Securitized financial assets held by transferor – Not applicable
 - 6. Transfers of receivables with recourse – Not applicable
- 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 applicableNote 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

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

Note 20 – Fair Value Measurements

A. Inputs Used for Invested Assets Measured at Fair Value

1. Fair Value Measurements by Level

Assets measured at fair value - Levels 1, 2 and 3. The Company categorizes its invested assets that are measured at fair value into the three-level fair value hierarchy as reflected in the following table. Item 4 provides a discussion of each of these three levels.

Description	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Bonds	-	\$ 2,083,270	-	\$ 2,083,270
Preferred Stocks	-	-	-	-
Common Stocks	322,947,718	-	-	322,947,718
Total Assets	\$ 322,947,718	\$ 2,083,270	-	\$ 325,030,988

2. Rollforward of Level 3

The Company has no assets measured at fair value in the Level 3 category.

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The Company has no assets measured at fair value in the Level 3 category.

NOTES TO FINANCIAL STATEMENTS

Note 20 – Fair Value Measurements (continued from preceding page)

4. Inputs and Techniques used for Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1	Quoted prices for identical instruments in active markets
Level 2	Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable
Level 3	Significant inputs to the valuation model are unobservable

The Company retains independent pricing vendors to assist in valuing invested assets when the prices are not available from the SVO.

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities which are NAIC rated 3 or below.

In infrequent circumstances, the pricing is not available from the pricing vendor and is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. There are no Level 3 investments at reporting date.

5. Derivatives – Not applicable

B. Other Fair Value Disclosures – Not applicable

C. Reasons Not Practical to Estimate Fair Value – Not applicable

Note 21 – Other items

A. Extraordinary Items – Not applicable

B. Troubled Debt Restructuring for Debtors – Not applicable

C. Other Disclosures

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in foreign exchange adjustment" line on page 4, line 25. This has the effect of converting total surplus to U.S. Dollars.

D. Uncollectible Premiums Receivable – Not applicable

E. Business Interruption Insurance Recoveries – Not applicable

F. State Transferable Tax Credits - Not applicable

G. Subprime Mortgage Related Risk Exposure:

1. Affiliated FM Insurance Company defines its exposure to sub prime mortgage related risk by considering securities with a weighted average FICO/Credit score of less than 660 to be sub prime. The company monitors the underlying collateral performance of these securities via monthly trustee reports, Bloomberg performance data and Rating Agency performance reports. In addition, the structure of the deal is monitored to assess the level of coverage and credit enhancement for the tranche held. The company has minimal exposure to sub prime securities and has no plans to increase its holding in sub prime securities at this time. This exposure will not materially affect the company's unrealized losses or anticipated cash flows.
2. None
3. The Company's only exposure to subprime bonds is one residential mortgage-backed security.
 - a. The actual cost of the subprime bond is \$724,044.
 - b. The book adjusted carrying value of the subprime bond is \$742,023.
 - c. The fair value of the subprime bond is \$720,253.
 - d. None.
4. None

Note 22 – Events Subsequent

Subsequent events have been considered through February 22, 2011 for these statutory financial statements which are to be issued February 23, 2011. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

NOTES TO FINANCIAL STATEMENTS**Note 23 – Reinsurance**

A. Unsecured Reinsurance Recoverable

NAIC CODE	FEDERAL ID	COMPANY	UNSECURED AMOUNT
00000	AA-9995022	Excess & Casualty Reinsurance Assoc	\$28,065,000

B. Reinsurance Recoverable in Dispute – Not applicable

C. Reinsurance Assumed and Ceded

(1) The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year, as applicable:

	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	\$ -	\$ -	\$ 19,966,862	\$ 6,489,230	\$ (19,966,862)	\$ (6,489,230)
II. All Other	\$1,737,879	\$ 62,853	\$ 59,249,010	\$ 14,534,662	\$ (57,511,131)	\$ (14,471,809)
III. TOTAL	\$1,737,879	\$ 62,853	\$ 79,215,872	\$ 21,023,892	\$ (77,477,993)	\$ (20,961,039)
IV. Direct Unearned Premium Reserve	\$348,822,902					

(2) Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. The following table summarizes amounts accrued at the end of the current year, if applicable:

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

(3) Protected Cells – Not Applicable

D. Uncollectible Reinsurance

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

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

Reinsurer	Amount
Total	\$ -

E. Commutation of Ceded Reinsurance

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

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

Reinsurer	Amount
	\$

F. Retroactive Reinsurance – Not applicable

G. Reinsurance Accounted for as a Deposit - Not applicable

H. Reinsurance Run-off Agreements – Not applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Re-determination – Not applicable**Note 25 – 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 \$60,741,000. This decrease in the prior years was primarily due to reductions of incurred-but-not-reported (IBNR) reserves based on actual experience, and decreases on a small number of individual losses.

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

NOTES TO FINANCIAL STATEMENTSNote 26 – Intercompany Pooling Arrangements

Factory Mutual Insurance Company, NAIC Code 21482, Affiliated FM Insurance Company, NAIC Code 10014, and Appalachian Insurance Company, NAIC Code 10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement (the agreement). 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, less 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 intercompany activity.

Note 27 – Structured Settlements – Not applicableNote 28 – Health Care Receivables - Not applicableNote 29 – Participating Policies - Not applicableNote 30 – Premium Deficiency Reserves

The Company evaluated whether a premium deficiency reserve is required as of December 31, 2010 and determined that a premium deficiency reserve is not applicable. This evaluation was completed on February 4, 2011.

The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.

Note 31 – High Deductibles – Not applicableNote 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjusting Expenses – Not applicableNote 33 – Asbestos and Environmental Reserves

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

Direct – Asbestos	2006	2007	2008	2009	2010
Beginning reserves:	\$ 255,269,000	\$ 272,940,000	\$ 262,747,000	\$ 237,778,000	\$ 229,100,000
Incurred losses & loss adjustment expense:	36,269,000	-	-	5,126,000	(15,602,000)
Calendar year payments for losses & loss adjustment expense:	18,598,000	10,193,000	24,969,000	13,804,000	16,654,000
Ending Reserves:	\$ 272,940,000	\$ 262,747,000	\$ 237,778,000	\$ 229,100,000	\$ 196,844,000

Assumed Reinsurance - Asbestos	2006	2007	2008	2009	2010
Beginning reserves:	\$ -	\$ -	\$ -	\$ -	\$ -
Incurred losses & loss adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS**Note 33 – Asbestos and Environmental Reserves (continued from preceding page)**

Net of Ceded Reinsurance – Asbestos					
	2006	2007	2008	2009	2010
Beginning reserves:	\$ 89,290,000	\$ 110,072,000	\$ 112,395,000	\$ 99,396,000	\$ 113,266,000
Incurring losses & loss adjustment expense:	30,978,000	360,000	(1,471,000)	20,582,000	(5,180,000)
Calendar year payments for losses & loss adjustment expense:	10,196,000	(1,963,000)	11,528,000	6,712,000	9,655,000
Ending Reserves:	\$ 110,072,000	\$ 112,395,000	\$ 99,396,000	\$ 113,266,000	\$ 98,431,000
Direct - Environmental					
	2006	2007	2008	2009	2010
Beginning reserves:	\$ 44,138,000	\$ 46,121,000	\$ 45,443,000	\$ 44,938,000	\$ 43,734,000
Incurring losses & loss adjustment expense:	2,395,000	-	-	(429,000)	-
Calendar year payments for losses & loss adjustment expense:	412,000	678,000	505,000	775,000	1,365,000
Ending Reserves:	\$ 46,121,000	\$ 45,443,000	\$ 44,938,000	\$ 43,734,000	\$ 42,369,000
Assumed Reinsurance - Environmental					
	2006	2007	2008	2009	2010
Beginning reserves:	\$ -	\$ -	\$ -	\$ -	\$ -
Incurring losses & loss adjustment expense:	-	-	-	-	-
Calendar year payments for losses & loss adjustment expense:	-	-	-	-	-
Ending Reserves:	\$ -	\$ -	\$ -	\$ -	\$ -
Net of Ceded Reinsurance - Environmental					
	2006	2007	2008	2009	2010
Beginning reserves:	\$ 17,458,000	\$ 18,965,000	\$ 18,976,000	\$ 19,309,000	\$ 19,907,000
Incurring losses & loss adjustment expense:	1,679,000	368,000	507,000	947,000	(747,000)
Calendar year payments for losses & loss adjustment expense:	172,000	357,000	174,000	349,000	638,000
Ending Reserves:	\$ 18,965,000	\$ 18,976,000	\$ 19,309,000	\$ 19,907,000	\$ 18,522,000

Included in reserves above, the Company holds IBNR and/or bulk reserves. It held such reserves in the amount of \$131,082,000 (Asbestos) and \$37,081,000 (Environmental) on a direct basis and \$73,918,000 (Asbestos) and \$11,888,000 (Environmental) on a net basis at December 31, 2010.

Included in the reserves above, the Company holds future allocated loss adjustment expense reserves. It held such reserves in the amount of \$47,406,000 (Asbestos) and \$6,993,000 (Environmental) on a direct basis and \$25,129,000 (Asbestos) and \$3,145,000 (Environmental) on a net basis at December 31, 2010.

Note 34 – Subscriber Savings Accounts – Not Applicable

Note 35 – Multiple Peril Crop Insurance – Not Applicable

Note 36 – 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. 12/31/2008
- 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). 06/07/2010

- 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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:

- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:

- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No []
- 10.8 If the answer to 10.7 is no or n/a, please explain.

11. 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

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

- 12.12 Number of parcels involved
12.13 Total book/adjusted carrying value
- 12.2 If yes, provide explanation.

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:

- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).

- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. 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 []
16. 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 []
17. 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

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.11 To directors or other officers \$.....0
- 19.12 To stockholders not officers \$.....0
- 19.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.21 To directors or other officers \$.....0
- 19.22 To stockholders not officers \$.....0
- 19.23 Trustees, supreme or grand (Fraternal only) \$.....0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 20.1 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]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others
- 20.22 Borrowed from others
- 20.23 Leased from others
- 20.24 Other
- 21.1 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]
- 21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment
- 21.22 Amount paid as expenses
- 21.23 Other amounts paid
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....771,740

INVESTMENT

- 23.1 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 23.3)? Yes [] No [X]
- 23.2 If no, give full and complete information relating thereto.
JP Morgan Worldwide Securities Services and RBC (Toronto) hold custody of the securities.
-
- 23.3 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 17 where this information is also provided).
The market value and collateral value of securities loaned as of year-end 2010 is \$209,753,069 and \$244,130,622, respectively. The amount of cash collateral carried on balance sheet is \$121,542,222. See Note 17 for a description of the securities lending program.
- 23.4 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 []
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$.....244,130,622
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs.
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [] N/A []
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [] N/A []
- 24.1 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 20.1 and 23.3) Yes [X] No []
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- 24.21 Subject to repurchase agreements \$.....0
- 24.22 Subject to reverse repurchase agreements \$.....0
- 24.23 Subject to dollar repurchase agreements \$.....0
- 24.24 Subject to reverse dollar repurchase agreements \$.....0
- 24.25 Pledged as collateral \$.....0
- 24.26 Placed under option agreements \$.....0
- 24.27 Letter stock or securities restricted as to sale \$.....0
- 24.28 On deposit with state or other regulatory body \$.....5,568,929
- 24.29 Other \$.....0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 25.2 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.
- 26.1 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]
- 26.2 If yes, state the amount thereof at December 31 of the current year:

27. 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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

27.01 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
RBC	200 Bay Street Toronto, Ontario CANADA

27.02 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)

- 27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [] No [X]

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

1 Central Registration Depository Number(s)	2 Name	3 Address
JP Morgan Worldwide Securities Srv	Standish Mellon	Boston, MA
RBC	BMO Asset Management (formally Jones Heward)	Toronto, Ontario

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
464286 40 0	ISHARES MSCI BRAZIL	7,740,000
92204A 87 6	VANGUARD WORLD FDS	1,341,600
922042 71 8	VANGUARD INTERNATIONAL	6,973,400
28.2999. TOTAL		16,055,000

28.3 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
ISHARES MSCI BRAZIL	PETROLEO BRASILEIRO SA	798,149	12/31/2010
ISHARES MSCI BRAZIL	VALE SA	758,133	12/31/2010
ISHARES MSCI BRAZIL	ITAU UNIBANCO HOLDING	717,575	12/31/2010
ISHARES MSCI BRAZIL	PETROLEO BRASILEIRO SA	636,538	12/31/2010
ISHARES MSCI BRAZIL	VALE SA	556,118	12/31/2010
VANGUARD WORLD FDS	SOUTHERN CO	87,674	12/31/2010
VANGUARD WORLD FDS	EXCION CORP	80,308	12/31/2010
VANGUARD WORLD FDS	DOMINION RESOURCES INC	74,311	12/31/2010
VANGUARD WORLD FDS	DUKE ENERGY CORP	66,409	12/31/2010
VANGUARD WORLD FDS	NEXTERA ENERGY INC	61,177	12/31/2010
VANGUARD INTERNATIONAL	ELDORADO GOLD CORP	33,333	12/31/2010
VANGUARD INTERNATIONAL	CRESCENT POINT ENERGY	32,914	12/31/2010
VANGUARD INTERNATIONAL	SILVER WHEATON CORP	32,287	12/31/2010
VANGUARD INTERNATIONAL	KINROSS GOLD CORP	29,986	12/31/2010
VANGUARD INTERNATIONAL	IVANHOE MINES LTD/CA	28,382	12/31/2010

29. 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 (+)
29.1 Bonds.....	1,213,262,046	1,274,680,558	61,418,512
29.2 Preferred stocks.....			0
29.3 Totals.....	1,213,262,046	1,274,680,558	61,418,512

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

Bonds and preferred stocks are priced by the SVO when available. When the SVO pricing is not available, bonds and preferred stocks are priced by the Company's external pricing source, IDC.

30.1 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]

30.2 If the answer to 30.1 is 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 []

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. All securities are priced by the SVO when available. When the SVO pricing is not available, the securities are priced by our external pricing source, IDC.

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

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....72,701

32.2 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
Washington Surveying and Rating Bureau	44,602

33.1 Amount of payments for legal expenses, if any? \$.....4,653

33.2 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
Gibbons P.C.	4,503

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

34.2 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?

1.3.1 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.....	\$.....335,486,589	\$.....363,402,193
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....691,197,587	\$.....644,839,521
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies \$.....1,615,601
 3.22 Non-participating policies \$.....688,746,942

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 [] No [X]

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:
There are certain parts of the Company's catastrophe program in the high excess layers for which a reinstatement clause is not applicable. These parts of the program cover events that Management considered and evaluated as less likely to occur, and given the Company's strong surplus position and its ability to purchase additional reinsurance if an event occurs, it was determined that a reinstatement clause is not required for those parts of the program.

- 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. 62R, 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 15.3 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 15.3, 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): \$.....82,000,000
- 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 [X] No []
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Based on an intercompany Excess of Loss Treaty. Maximum retention is based upon Largest Net Aggregate.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [X] No []
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []
 14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financial premium accounts? Yes [] No [X]
 15.2 If yes, give full information:

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

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

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [X] No []
 Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.
 Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$.....0
17.12 Unfunded portion of Interrogatory 17.11	\$.....0
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$.....0
17.14 Case reserves portion of Interrogatory 17.11	\$.....0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$.....0
17.16 Unearned premium portion of Interrogatory 17.11	\$.....0
17.17 Contingent commission portion of Interrogatory 17.11	\$.....0
Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:	
17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$.....0
17.19 Unfunded portion of Interrogatory 17.18	\$.....0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$.....0
17.21 Case reserves portion of Interrogatory 17.18	\$.....0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$.....0
17.23 Unearned premium portion of Interrogatory 17.18	\$.....0
17.24 Contingent commission portion of Interrogatory 17.18	\$.....0

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

FIVE-YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
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).....	102	108	108	110	110
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	557,050,128	541,978,407	491,919,999	489,113,497	479,454,142
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	136,655,633	128,791,103	131,018,971	122,909,262	124,335,731
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	168				
6. Total (Line 35).....	693,706,031	670,769,618	622,939,078	612,022,869	603,789,983
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).....	102	108	108	110	110
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	431,314,694	427,473,347	390,864,386	369,462,413	352,510,253
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	79,775,215	78,977,045	82,711,774	72,562,673	75,469,001
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(163,420,415)	(124,692,601)	(137,403,380)	(108,347,434)	(80,711,677)
12. Total (Line 35).....	347,669,596	381,757,899	336,172,888	333,677,762	347,267,687
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	72,021,133	119,567,743	4,383,157	98,612,113	79,975,893
14. Net investment gain (loss) (Line 11).....	61,635,854	58,582,879	55,014,096	58,778,172	49,951,857
15. Total other income (Line 15).....	(207,708)	(56,668)	(184,640)	(37,712)	(733,735)
16. Dividends to policyholders (Line 17).....	340,621	374,111	308,880	292,967	269,267
17. Federal and foreign income taxes incurred (Line 19).....	46,666,711	62,328,391	26,000,418	56,078,535	49,681,265
18. Net income (Line 20).....	86,441,946	115,391,452	32,903,315	100,981,071	79,243,483
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	1,915,425,380	1,621,716,617	1,470,531,711	1,361,223,254	1,275,125,439
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	113,024,653	106,287,116	96,379,617	91,528,924	97,393,017
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	982,063,530	793,502,604	774,996,920	685,718,337	703,133,042
22. Losses (Page 3, Line 1).....	364,365,549	298,597,356	361,473,939	296,032,596	306,447,495
23. Loss adjustment expenses (Page 3, Line 3).....	54,218,473	79,239,434	40,074,157	35,961,512	39,287,444
24. Unearned premiums (Page 3, Line 9).....	271,344,912	259,161,906	240,806,200	228,962,342	224,128,345
25. Capital paid up (Page 3, Lines 30 & 31).....	11,250,000	11,250,000	11,250,000	11,250,000	11,250,000
26. Surplus as regards policyholders (Page 3, Line 37).....	933,361,850	828,214,013	695,534,791	675,504,917	571,992,397
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	118,468,116	135,147,470	77,802,749	104,231,654	162,153,832
Risk-Based Capital Analysis					
28. Total adjusted capital.....	933,361,850	828,214,013	695,534,791	675,504,916	571,992,397
29. Authorized control level risk-based capital.....	59,375,929	47,233,888	44,782,387	55,990,667	54,774,532
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	66.3	82.1	84.8	96.8	92.7
31. Stocks (Lines 2.1 & 2.2).....	19.1	7.5	2.3	2.5	2.6
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).....	7.4	10.4	12.9	0.5	4.6
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....		XXX	XXX	XXX	XXX
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....	0.0	0.0	0.0	0.2	0.1
39. Securities lending reinvested collateral assets (Line 10).....	7.2	XXX	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	19,434,421	3,925,425	(6,687,756)	(503,779)	1,358,579
51. Dividends to stockholders (Line 35).....	(507,500)	(507,500)	(507,500)	(507,500)	(507,500)
52. Change in surplus as regards policyholders for the year (Line 38).....	105,147,837	132,679,223	20,029,875	103,512,519	82,731,447
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
53. 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)...	14,852,059	11,643,899	21,895,043	7,964,776	20,899,070
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	208,130,997	206,164,387	216,893,901	226,498,648	204,566,011
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	50,676,771	60,585,240	45,255,930	61,606,062	42,703,585
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	6,829	(1,743,280)	(24,078)	44,931	207,066
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	62,316	41,450	167,483	32,334	36,846
58. Total (Line 35).....	273,728,973	276,691,696	284,188,279	296,146,751	268,412,578
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. 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)...	7,613,243	4,638,632	8,739,871	(2,214,513)	9,335,842
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	174,758,813	165,479,296	145,470,060	158,102,161	130,689,422
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	34,779,968	42,191,937	31,452,751	44,789,342	27,977,930
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	23,082	(513,356)	(448,297)	61,088	207,066
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	(125,142,360)	(11,584,375)	(16,873,287)	(59,568,719)	(55,956,210)
64. Total (Line 35).....	92,032,746	200,212,134	168,341,098	141,169,359	112,254,050
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	47.0	37.8	72.1	39.8	47.5
67. Loss expenses incurred (Line 3).....	3.7	4.1	5.5	4.8	3.8
68. Other underwriting expenses incurred (Line 4).....	27.8	25.3	21.1	25.4	24.2
69. Net underwriting gain (loss) (Line 8).....	21.5	32.9	1.4	30.0	24.5
Other Percentages					
70. 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).....	26.9	24.1	20.4	25.1	22.9
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	50.7	41.8	77.6	44.6	51.3
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	37.2	46.1	48.3	49.4	60.7
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(60,741)	(26,791)	(63,094)	(22,320)	59,960
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	(7.3)	(3.9)	(9.3)	(3.9)	12.3
Two Year Loss Development (000 omitted)					
75. 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).....	(45,635)	(49,249)	(51,824)	59,097	23,330
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(6.6)	(7.3)	(9.1)	12.1	5.6

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							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		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	14,994	7,102	3,306	1,262	10,111	1	(64)	20,046	XXX
2. 2001.....	194,879	164,152	30,727	131,577	112,840	4,332	1,948	10,271	1,951	10,171	29,442	XXX
3. 2002.....	352,841	287,756	65,085	111,238	154,865	3,594	4,094	9,843	8,818	6,990	(43,103)	XXX
4. 2003.....	460,612	384,128	76,484	155,033	182,628	1,238	2,158	11,408	8,917	3,247	(26,024)	XXX
5. 2004.....	499,313	359,245	140,068	149,515	126,946	3,874	6,952	14,155	23,300	2,477	10,346	XXX
6. 2005.....	498,033	185,908	312,125	324,519	162,245	9,187	1,946	18,214	6,157	4,358	181,571	XXX
7. 2006.....	572,453	246,126	326,327	198,186	114,250	9,303	8,518	18,927	16,785	5,740	86,862	XXX
8. 2007.....	612,522	283,678	328,844	231,075	118,580	1,321	1,440	20,881	7,126	4,686	126,131	XXX
9. 2008.....	614,834	290,505	324,329	305,808	62,156	1,573	4,648	23,364	12,911	4,690	251,030	XXX
10. 2009.....	645,041	281,638	363,402	169,193	41,476	1,293	16,510	22,340	39,381	1,814	95,459	XXX
11. 2010.....	677,450	341,965	335,485	129,786	150,931	2,423	20	14,199	1,469	140	(6,012)	XXX
12. Totals.....	XXX	XXX	XXX	1,920,925	1,234,019	41,444	49,497	173,711	126,816	44,249	725,748	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.....	81,614	44,352	147,322	77,881	9,846	5,508	39,258	22,030	11,355		139,624	XXX	
2. 2001.....	5										5	XXX	
3. 2002.....	9										9	XXX	
4. 2003.....	72	15			10						67	XXX	
5. 2004.....	114	1			1						114	XXX	
6. 2005.....	8,262	54			4						8,212	XXX	
7. 2006.....	298				3						301	XXX	
8. 2007.....	350	7			16	2			40	10	387	XXX	
9. 2008.....	5,753	1,272	4,574	504	210	54			808	215	204	9,300	XXX
10. 2009.....	21,080	1,704	9,551	1,268	551	153			2,291	610	544	29,738	XXX
11. 2010.....	181,836	35,323	79,810	13,901	4,609	1,379			20,695	5,517	4,152	230,830	XXX
12. Totals.....	299,393	82,728	241,257	93,554	15,250	7,096	39,258	22,030	35,189	6,352	4,900	418,587	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	106,703	32,921
2. 2001.	146,185	116,739	29,447	75.0	71.1	95.8			12.00	5	0
3. 2002.	124,683	167,777	(43,094)	35.3	58.3	(66.2)			12.00	9	0
4. 2003.	167,761	193,718	(25,957)	36.4	50.4	(33.9)			12.00	57	10
5. 2004.	167,658	157,199	10,460	33.6	43.8	7.5			12.00	113	1
6. 2005.	360,185	170,403	189,783	72.3	91.7	60.8			12.00	8,208	4
7. 2006.	226,717	139,554	87,163	39.6	56.7	26.7			12.00	298	3
8. 2007.	253,683	127,165	126,518	41.4	44.8	38.5			12.00	343	44
9. 2008.	342,091	81,760	260,330	55.6	28.1	80.3			12.00	8,551	749
10. 2009.	226,299	101,102	125,197	35.1	35.9	34.5			12.00	27,659	2,079
11. 2010.	433,358	208,540	224,818	64.0	61.0	67.0			12.00	212,422	18,408
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	364,368	54,219

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	One Year	Two Year
1. Prior.....	56,144	112,718	154,086	213,442	210,520	252,374	251,511	251,853	261,014	255,402	(5,612)	3,550
2. 2001.....	9,418	23,958	27,513	24,612	21,206	21,206	21,206	21,207	21,243	21,126	(117)	(80)
3. 2002.....	XXX	(39,875)	(36,854)	(32,705)	(33,973)	(33,973)	(33,973)	(40,839)	(44,177)	(44,118)	59	(3,280)
4. 2003.....	XXX	XXX	(16,251)	(30,761)	(28,295)	(28,295)	(28,295)	(28,295)	(28,595)	(28,448)	148	(153)
5. 2004.....	XXX	XXX	XXX	32,623	19,228	19,228	19,228	19,228	19,387	19,605	218	377
6. 2005.....	XXX	XXX	XXX	XXX	175,720	193,825	193,825	170,845	177,621	177,726	105	6,881
7. 2006.....	XXX	XXX	XXX	XXX	XXX	101,096	79,639	79,639	85,917	85,021	(896)	5,382
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	154,636	121,046	116,118	112,733	(3,385)	(8,313)
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	299,283	258,647	249,284	(9,362)	(49,998)
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	182,455	140,558	(41,897)	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	196,910	XXX	XXX
12. Totals.....											(60,741)	(45,635)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1. Prior.....	.000	38,981	50,187	90,161	88,129	100,669	100,537	111,371	117,197	127,133	XXX	XXX
2. 2001.....	(36,223)	(3,374)	13,737	19,937	19,521	19,990	20,360	21,082	21,121	21,121	XXX	XXX
3. 2002.....	XXX	(89,776)	(62,925)	(49,345)	(46,494)	(43,938)	(43,933)	(43,900)	(44,185)	(44,127)	XXX	XXX
4. 2003.....	XXX	XXX	(75,195)	(44,246)	(31,769)	(29,570)	(29,239)	(28,393)	(28,683)	(28,515)	XXX	XXX
5. 2004.....	XXX	XXX	XXX	(37,916)	6,389	15,619	16,671	18,331	19,266	19,491	XXX	XXX
6. 2005.....	XXX	XXX	XXX	XXX	41,958	134,764	186,782	168,479	169,272	169,514	XXX	XXX
7. 2006.....	XXX	XXX	XXX	XXX	XXX	(6,455)	61,050	75,823	84,719	84,720	XXX	XXX
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	24,161	92,770	109,044	112,376	XXX	XXX
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	91,649	207,618	240,577	XXX	XXX
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	41,554	112,501	XXX	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(18,742)	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Prior.....	25,718	41,489	84,245	102,676	89,715	113,428	111,302	98,117	93,851	86,669
2. 2001.....	5,851	9,545	4,339	2,305						
3. 2002.....	XXX	15,714	8,739	10,182	10,182	9,235	9,377	2,594		
4. 2003.....	XXX	XXX	14,891	3,444	515	298				
5. 2004.....	XXX	XXX	XXX	16,235	3,071	711	286			
6. 2005.....	XXX	XXX	XXX	XXX	41,145	20,088	4,823	6		
7. 2006.....	XXX	XXX	XXX	XXX	XXX	30,573	6,233	24	0	
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	44,796	7,361	2,744	
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	60,665	18,057	4,070
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	48,002	8,283
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	65,909

AFFILIATED FM INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL.....L.....	4,729,125	4,265,101	1,478	555,625	1,911,202	1,698,762			
2. Alaska.....AK.....L.....	3,297,415	3,109,905			7,041	7,041			
3. Arizona.....AZ.....L.....	5,913,220	5,493,108	514	6,198,631	15,854,347	17,281,543			
4. Arkansas.....AR.....L.....	4,440,049	4,061,135	182	2,352,375	3,180,830	1,163,155			
5. California.....CA.....L.....	103,149,895	99,283,191	48,639	18,508,070	43,122,680	43,372,353			
6. Colorado.....CO.....L.....	3,854,260	3,797,397	2,197	2,230,365	1,728,712	685,897			
7. Connecticut.....CT.....L.....	4,435,936	4,368,496	4,671	3,265,365	594,812	2,098,085			
8. Delaware.....DE.....L.....	736,703	675,652		19,610	19,608				
9. District of Columbia.....DC.....L.....	4,468,840	4,392,545		577,378	2,162,727	1,797,743			
10. Florida.....FL.....L.....	27,961,788	27,409,013	19,081	1,858,483	1,026,772	1,578,554			
11. Georgia.....GA.....L.....	9,411,307	9,780,141	1,787	1,967,511	(197,710)	714,456			
12. Hawaii.....HI.....L.....	1,164,468	1,259,908			(54,751)				
13. Idaho.....ID.....L.....	2,101,777	2,275,517	4,030	292,999	643,826	409,716			
14. Illinois.....IL.....L.....	24,516,920	24,322,361	3,427	20,709,823	34,853,787	86,461,815			
15. Indiana.....IN.....L.....	7,402,885	7,652,975	436	1,117,291	994,643	570,899			
16. Iowa.....IA.....L.....	2,152,893	1,983,232		2,840,343	(1,196,429)	433,713			
17. Kansas.....KS.....L.....	2,276,713	2,385,182	662	398,351	809,902	859,499			
18. Kentucky.....KY.....L.....	4,059,986	4,083,756	588	1,301,482	3,186,103	4,359,460			
19. Louisiana.....LA.....L.....	7,116,595	6,963,631		2,743,488	3,900,976	1,311,246			
20. Maine.....ME.....L.....	975,251	867,633	2,669	51,702	15,170				
21. Maryland.....MD.....L.....	7,087,832	6,607,393	677	4,165,899	8,073,111	6,390,054			
22. Massachusetts.....MA.....L.....	22,815,213	21,660,173	96,801	6,431,030	6,297,085	12,330,101			
23. Michigan.....MI.....L.....	7,618,715	7,720,024	1,821	3,039,021	13,371,000	34,824,168			
24. Minnesota.....MN.....L.....	7,853,410	7,583,007	3,149	2,199,985	10,427,637	9,962,012			
25. Mississippi.....MS.....L.....	7,792,919	7,676,106		2,601,676	1,211,948	1,799,629			
26. Missouri.....MO.....L.....	13,517,320	13,173,329	5,218	4,818,328	2,702,298	2,830,623			
27. Montana.....MT.....L.....	1,595,649	1,575,845		7,113,902	46,514,894	39,400,992			
28. Nebraska.....NE.....L.....	1,047,953	983,518		812,999	896,143	7,755,572			
29. Nevada.....NV.....L.....	11,670,980	12,355,848	354	2,125,913	755,164	1,290,383			
30. New Hampshire.....NH.....L.....	1,253,072	1,338,070	2,068	844	140,382	143,139			
31. New Jersey.....NJ.....L.....	21,885,240	21,129,878	16,548	8,128,994	13,245,229	20,598,237			
32. New Mexico.....NM.....L.....	2,470,631	2,411,446		353,368	2,891,576	2,946,076			
33. New York.....NY.....L.....	65,352,709	64,525,363	5,627	25,973,208	65,595,944	113,061,261			
34. North Carolina.....NC.....L.....	7,921,926	8,205,247	2,241	1,004,689	1,763,454	1,444,638			
35. North Dakota.....ND.....L.....	512,982	553,611		50,311	73,691	30,637			
36. Ohio.....OH.....L.....	15,223,480	15,273,474	4,950	10,552,013	(5,195,930)	6,962,441			
37. Oklahoma.....OK.....L.....	3,458,777	3,287,918		3,587,534	6,160,483	3,035,287			
38. Oregon.....OR.....L.....	18,580,501	17,996,243	754	1,586,899	429,279	1,172,348			
39. Pennsylvania.....PA.....L.....	14,675,249	14,039,224	8,272	3,715,711	10,994,029	12,685,299			
40. Rhode Island.....RI.....L.....	3,754,543	4,018,836	82,496	1,017,902	5,774,085	5,434,573			
41. South Carolina.....SC.....L.....	3,664,595	3,555,830	724	1,083,157	696,126	377,159			
42. South Dakota.....SD.....L.....	505,202	500,461		40,815	(53,518)				
43. Tennessee.....TN.....L.....	12,875,970	12,121,852		7,814,843	14,136,167	6,987,350			
44. Texas.....TX.....L.....	43,267,530	42,696,166		36,696,236	12,572,817	11,978,158			
45. Utah.....UT.....L.....	7,445,998	8,526,319		2,863,836	602,632	2,891,602			
46. Vermont.....VT.....L.....	640,116	609,466	109						
47. Virginia.....VA.....L.....	6,731,530	6,408,387	4,260	236,851	138,797	1,090,714			
48. Washington.....WA.....L.....	48,665,524	48,514,254	5,095	7,125,305	6,265,834	14,208,163			
49. West Virginia.....WV.....L.....	280,482	330,140		91,535	84,554				
50. Wisconsin.....WI.....L.....	5,602,173	5,777,519	640	1,193,775	1,080,306	631,240			
51. Wyoming.....WY.....L.....	451,290	378,111			137,865	137,865			
52. American Samoa.....AS.....N.....									
53. Guam.....GU.....L.....									
54. Puerto Rico.....PR.....L.....	667,185	699,182			11,000	11,000			
55. US Virgin Islands.....VI.....L.....	17,891	15,475							
56. Northern Mariana Islands.....MP.....L.....									
57. Canada.....CN.....L.....	98,894,888	93,119,704	8,456	53,806,245	43,632,770	47,529,685			
58. Aggregate Other Alien.....OT.....XXX.....	397,044	382,961	0	0	0	50	0	0	
59. Totals.....(a).....55.....	690,362,543	674,180,257	340,621	267,221,718	383,991,099	534,744,393	0	0	

DETAILS OF WRITE-INS

5801. Foreign.....XXX.....	397,044	382,961				50		
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.....	397,044	382,961	0	0	0	50	0	0

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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	DE	FMRE Holdings LLC	27-1439297	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

2010 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

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