QBE REGIONAL INSURANCE COMPANIES

Combined Statutory Financial
Statements and Report of Independent Auditors
December 31, 2009 and 2008

QBE REGIONAL INSURANCE COMPANIES
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December 31, 2009 and 2008

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Report of Independent Auditors

To the Board of Directors and shareholders of:

Company Name	*State of Domicile*
Blue Ridge Indemnity Company	Wisconsin
Blue Ridge Insurance Company	Wisconsin
General Casualty Company of Wisconsin	Wisconsin
General Casualty Insurance Company	Wisconsin
Hoosier Insurance Company	Indiana
National Farmers Union Property and Casualty Company	Colorado
Regent Insurance Company	Wisconsin
Southern Fire & Casualty Company	Wisconsin
Southern Guaranty Insurance Company	Wisconsin
Southern Pilot Insurance Company	Wisconsin
Unigard Indemnity Company	Washington
Unigard Insurance Company	Washington
United Security Insurance Company	Colorado

(Collectively referred to as QBE Regional Insurance Companies, the Group, or the Company)

We have audited the accompanying combined statutory statements of admitted assets, liabilities, and capital and surplus of the Companies as of December 31, 2009 and 2008, and the related combined statutory statements of operations, changes in capital and surplus, and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the financial statements, the Group prepared these financial statements using accounting practices prescribed or permitted by the insurance departments of the respective domiciliary states, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2009 and 2008, or the results of its operations or its cash flow for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2009 and 2008, and the results of its operations and its cash flow for the years then ended, on the basis of accounting described in Note 2.

PricewaterhouseCoopers LLP

May 14, 2010

QBE REGIONAL INSURANCE COMPANIES
Combined Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus
December 31, 2009 and 2008
(In thousands, except for share data)

Admitted Assets	**2009**	**2008**
Cash and invested assets:		
Bonds, at amortized cost	$ 749,315	$ 534,927
Common stocks, unaffiliated at fair value	228,061	187,313
Goodwill	46,111	57,029
Real estate - occupied (less accumulated depreciation of $38,270 in 2009 and $38,757 in 2008)	59,738	64,734
Real estate - held for investment (less accumulated depreciation of $17,306 in 2009 and $15,155 in 2008)	27,608	29,446
Cash and short-term investments	853,117	1,182,611
Other invested assets	1,435	1,334
Total cash and invested assets	1,965,385	2,057,394
Agents' balances and uncollected premiums, (net of commission and balances more than 90 days past due)	343,955	364,966
Net deferred tax asset	89,624	68,277
Investment income due and accrued	7,206	14,333
Reinsurance recoverable on losses and loss adjustment expense payments	51,306	44,690
Electronic data processing equipment and software (at cost less accumulated depreciation of $46,403 in 2009 and $33,508 in 2008)	627	1,095
Due from affiliate	2,228	-
Other Assets	13,526	13,667
Total admitted assets	$ 2,473,857	$ 2,564,422

See accompanying notes to combined statutory financial statements.

QBE REGIONAL INSURANCE COMPANIES
Combined Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus
December 31, 2009 and 2008
(In thousands, except for share data)

Liabilities and Capital and Surplus	**2009**	**2008**
Liabilities:		
Reserves for losses and loss adjustment expenses	$ 1,074,798	$ 1,109,251
Unearned premiums	464,159	485,042
Accrued pension and postretirement cost	45,408	49,573
Commissions payable	37,042	39,895
Ceded reinsurance premiums payable, net of commissions	33,928	25,226
Other expenses	29,891	35,313
Amounts withheld or retained for account of others	9,652	13,339
Funds held under reinsurance	9,474	-
Reinsurance payable on paid loss and loss adjustment expenses	6,396	-
Advance premiums	4,166	4,011
Taxes, licenses, and fees	3,880	5,577
Provision for reinsurance	1,280	1,756
Drafts outstanding	121	1,625
Borrowed money	-	19,333
Federal income taxes payable	-	12,073
Due to affiliates	-	3,409
Other liabilities	9,012	8,352
Total liabilities	1,729,207	1,813,775
Capital and surplus:		
Common stock	7,000	7,000
General Casualty		
$200 par value per share. 20,000 shares authorized and issued and 19,250 outstanding at December 31, 2009 and 2008		
Unigard		
$100 par value per share. 30,000 shares authorized, issued and outstanding		
Paid-in and contributed surplus	397,031	397,031
Special surplus funds	20,286	-
Unassigned surplus	340,235	366,518
Treasury stock, at cost (750 shares, General Casualty)	(19,902)	(19,902)
Total capital and surplus	744,650	750,647
Commitments and contingencies		
Total liabilities and capital and surplus	$ 2,473,857	$ 2,564,422

See accompanying notes to combined statutory financial statements.

QBE REGIONAL INSURANCE COMPANIES
Combined Statutory Statement of Operations
December 31, 2009 and 2008
(In thousands)

	2009	2008
Underwriting:		
Net premiums written	$ 1,000,632	$ 1,025,559
Change in unearned premiums	20,883	161,197
Premiums earned	1,021,515	1,186,756
Net losses and underwriting expenses incurred:		
Losses	565,591	511,059
Loss adjustment expenses	99,052	128,688
Underwriting expenses	359,441	351,366
Net losses and underwriting expenses incurred	1,024,084	991,113
Net underwriting (loss) gain	(2,569)	195,643
Investment income:		
Net investment income	36,856	87,831
Net realized capital losses, net of tax benefit of $236 in 2009 and $2,083 in 2008	(42,895)	(56,251)
Net investment (loss) income	(6,039)	31,580
Other income (expense):		
Net premium balances charged off	(1,439)	(2,031)
Finance and service charges	6,053	5,670
Other miscellaneous income	505	527
Total other income	5,119	4,166
(Loss) income before dividends to policyholders and federal income tax	(3,489)	231,389
Dividends to policyholders	17,584	17,376
(Loss) income before federal income tax	(21,073)	214,013
Federal income tax expense	6,038	62,025
Net (loss) income	$ (27,111)	$ 151,988

See accompanying notes to combined statutory financial statements.

QBE REGIONAL INSURANCE COMPANIES
Combined Statutory Statements of Changes in Capital and Surplus
Years ended December 31, 2009 and 2008
(In thousands)

	2009	2008
Common stock – beginning and end of year	$ 7,000	$ 7,000
Paid-in and contributed surplus – beginning and end of year	397,031	397,031
Special surplus funds - beginning of year	-	-
Adoption of SSAP 10R (Note 8)	20,286	-
Special surplus funds - end of year	20,286	-
Unassigned surplus:		
Beginning of year	366,518	588,899
Net (loss) income	(27,111)	151,988
Change in net unrealized capital gains (losses), net of tax	40,257	(33,227)
Change in net deferred federal income taxes	9,390	(17,961)
Change in nonadmitted assets	42,134	(34,111)
Dividends to shareholders	(72,500)	(281,000)
Allocation to special surplus funds	(20,286)	-
Other	1,833	(8,070)
End of year	340,235	366,518
Treasury stock – beginning and end of year	(19,902)	(19,902)
Total capital and surplus	$ 744,650	$ 750,647

See accompanying notes to combined statutory financial statements.

QBE REGIONAL INSURANCE COMPANIES
Combined Statutory Statements of Cash Flow
Years ended December 31, 2009 and 2008
(In thousands)

	2009	2008
Cash flow from operating activities:		
Premiums collected, net of reinsurance	$ 1,030,440	$ 1,083,512
Losses and loss adjustment expenses and benefits paid, net of recoveries	(575,216)	(894,929)
Commissions, expenses paid, and aggregate write-ins for deductions	(494,597)	(562,915)
Net investment income received	45,879	112,180
Federal income taxes paid, net	(19,246)	(56,146)
Dividends paid to policyholders	(17,584)	(17,376)
Miscellaneous income	5,119	4,165
Cash used in operations	(25,205)	(331,509)
Cash flow from investing activities:		
Proceeds from investments sold, matured, or repaid:		
Bonds	486,534	972,924
Common stocks - non affiliated	98,756	142,004
Other invested assets	80	(3,594)
Real estate	3,038	-
Net gain on short-term investments	800	590
Total investment proceeds	589,208	1,111,924
Cost of investments acquired:		
Bonds	(703,022)	(840,798)
Common stocks, unaffiliated	(104,864)	(390,171)
Common stocks, affiliated	-	(190,073)
Miscellaneous applications	(1,631)	(1,521)
Total investments acquired	(809,517)	(1,422,563)
Cash used in investing activities	(220,309)	(310,639)
Cash flow from financing and other activities:		
Borrowed funds repaid	(19,333)	(1,450)
Dividends paid to shareholder	(72,500)	(281,000)
Other cash provided	7,853	7,477
Net cash used in financing and other activities	(83,980)	(274,973)
Decrease in cash and short-term investments	(329,494)	(917,121)
Cash and short-term investments, beginning of year	1,182,611	2,099,732
Cash and short-term investments, end of year	$ 853,117	$ 1,182,611

See accompanying notes to combined statutory financial statements.

(1) Organization and Nature of Operations

QBE Regional Insurance Companies (the Group) operates as a group of regional property and casualty insurers that market a broad range of personal and commercial insurance products through independent and captive agents.

The Group conducts operations through three property and casualty insurance brands. General Casualty Company of Wisconsin (General Casualty) and its consolidated subsidiaries (excluding National Farmers Union Property and Casualty Company (NFU)) operate in 25 states throughout the Midwest, Northeast, and Southeast regions of the United States. Unigard Insurance Company (Unigard) and its subsidiary operate in eight states in the Northwest and Southwest regions of the United States. NFU's operations are concentrated in the Rocky Mountain region of the United States, and it operates in 35 states.

Effective October 31, 2008, General Casualty completed a statutory purchase of NFU and its wholly owned subsidiary United Security Insurance Company (USIC) from an affiliated company, QBE Reinsurance Corporation. In November 2008, the Board of Directors of NFU approved an extraordinary dividend to General Casualty of all of the outstanding shares of USIC, equal to the surplus of USIC. The effective date of this dividend was January 1, 2009, making General Casualty the sole shareholder of USIC as of that date. NFU and USIC began participating in the Group's intercompany pooling agreement effective January 1, 2009. As a result, all financial activities of NFU and USIC are included in the 2009 and 2008 combined statutory financial statements.

General Casualty and Unigard are wholly-owned subsidiaries of QBE Regional Companies (N.A.), Inc. (QBE Regional). QBE Regional, formerly known as Winterthur U.S. Holdings Inc. (WUSH), was purchased by QBE Holdings, Inc., effective May 31, 2007. The ultimate parent of QBE Holdings, Inc. is the Australian based QBE Insurance Group Limited.

(2) Summary of Significant Accounting Policies

The accounting policies and principles followed by the Group that materially affect the determination of financial condition, results of operations, and cash flow are summarized below:

(a) Basis of Presentation

As specified in the National Association of Insurance Commissioners' (NAIC) Annual Statement Instructions, each of the companies included in the combined statutory financial statements is a "member of a group of insurance companies which utilize a pooling or one hundred percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves." The Group includes the accounts of:

Company Name	State of Domicile
Blue Ridge Indemnity Company	Wisconsin
Blue Ridge Insurance Company	Wisconsin
General Casualty Company of Wisconsin	Wisconsin
General Casualty Insurance Company	Wisconsin
Hoosier Insurance Company	Indiana
National Farmers Union Property and Casualty Company	Colorado
Regent Insurance Company	Wisconsin
Southern Fire & Casualty Company	Wisconsin
Southern Guaranty Insurance Company	Wisconsin
Southern Pilot Insurance Company	Wisconsin
Unigard Indemnity Company	Washington
Unigard Insurance Company	Washington
United Security Insurance Company	Colorado

Except for goodwill, all significant intercompany accounts and transactions have been eliminated in the combined statutory financial statements.

The accompanying combined statutory basis financial statements have been prepared in accordance with accounting practices prescribed or permitted by each state of domicile. Each state of domicile has adopted all of the prescribed accounting practices as stated in the NAIC *Accounting Practices and Procedures Manual* without significant modification. These practices vary in some respects from U.S. generally accepted accounting principles (GAAP). The most significant differences from GAAP include the following practices:

- Acquisition costs, such as commissions and other costs incurred in connection with acquiring business are charged to operations as incurred, whereas premiums are taken into earnings over the periods covered by the policies. Under GAAP, acquisition costs are capitalized and charged to operations as the revenues are recognized;
- Investments are carried at values prescribed by the NAIC.
  - Bonds are generally carried at amortized cost
  - Unaffiliated common stocks are carried at fair value

  For GAAP, investments are classified as held-to-maturity, trading, or available-for-sale;
- Certain assets designated as "nonadmitted assets" (i.e. premiums receivable over 90 days past due, prepaid expenses, and certain deferred tax assets) are charged directly to unassigned surplus;
- Changes in deferred income taxes are recorded directly to surplus as opposed to being an item of income tax benefit or expenses for GAAP financial reporting purposes. Admittance testing may result in a charge to capital and surplus for nonadmitted portions of deferred tax assets. A valuation allowance may be recorded against the deferred tax asset and reflected as an expense for financial reporting purposes;
- A provision is made through a charge to surplus for unearned premium and losses recoverable in excess of funds held, on business reinsured with companies not

authorized by license to assume such business and for certain overdue reinsurance balances. Under GAAP the ability to recover amounts due from reinsurers is assessed and when appropriate, an allowance is established.

- Certain assets and liabilities relating to reinsured contracts are recorded net of the effects of reinsurance, whereas GAAP requires reinsurance receivables (including amounts related to claims incurred but not reported and liabilities for future policy benefits) and prepaid reinsurance premiums to be reported as assets.
- Dividends to policyholders are expensed at the earlier of payment or declaration by the board of directors rather than based on estimated ultimate payments to policyholders on the earned portions of policies, as required by GAAP.
- The estimated rental cost (imputed rent) of home office facilities owned is presented in the combined statutory statements of income as investment income and underwriting expense whereas in GAAP imputed rent is not recorded.
- The amount of goodwill that can be admitted as an asset is limited to 10% of adjusted capital and surplus and is required to be amortized over no more than 10 years. The amount of goodwill that can be admitted as an asset for investments in non-U.S. insurance subsidiaries is limited to 10% of U.S. GAAP equity. Under GAAP, goodwill is subject to an annual recoverability test based on fair values.
- The costs of providing pension benefits and other postretirement benefits other than pensions are calculated without regard to active nonvested employees, whereas GAAP requires the recognition of the pension benefits and other postretirement benefits associated with active nonvested employees.

The effects on the financial statements of the Group attributable to the differences between the statutory basis of accounting and GAAP have not been determined but are presumed to be material.

The Group did not utilize permitted practices that differ from the NAIC Accounting Practices and procedures Manual in 2009 or 2008.

(b) Invested Assets and Related Income

Bonds and common stocks are valued in accordance with the laws of the Group's states of domicile and the valuations prescribed or permitted by the NAIC.

Bonds are generally carried at amortized cost. Amortization of bond premium and accretion of bond discount are calculated using the constant yield method over the remaining term of the investment. Such amortization is included in net investment income.

Common stocks are stated at fair value. The statutory basis of accounting permits fair value for common stock to be based on values published by the SVO, quoted market prices, or independent pricing services. At December 31, 2009, fair value for common stock was based on quoted market prices.

Cash and short term investments that when originally acquired, had maturities of one year or less, are stated at amortized cost, which approximates fair value. Cash and short-term investments include cash deposits, money market accounts, Treasury bills, and bonds.

Other invested assets primarily consist of an investment in a limited partnership carried at the underlying GAAP equity and is accounted for using the equity method.

Adjustments reflecting changes in the carrying value of certain investments held at fair value, which consist primarily of common stocks, are charged directly to surplus as unrealized gains and losses. Realized gains or losses on sales of securities are determined on the basis of specific identification and are charged to income in the period sold based on the trade date of the transaction. When it is determined that a decline in fair value of an investment is other than temporary, the investment shall be written down to fair value as the new cost basis, and the amount of the write-down shall be accounted for as a realized loss. Any remaining discount or reduced premium, based on the new cost basis is amortized in the prospective manner over the remaining period in which repayment of the principle is to occur.

Interest is accrued on bonds and short-term investments. Dividends declared on common stocks owned are accrued on the ex-dividend date.

(c) Premiums and Acquisition Costs

Premium income is earned ratably over periods covered by the policies and is net of reinsurance placed with reinsurers. Acquisition costs related to premium income, such as commissions, premium taxes, and other underwriting and agency expenses, are charged to expense when incurred.

Unearned premiums represent the portion of premiums the Group has written but has yet to earn because the policy has not expired. Unearned premiums are shown as a liability on the combined statutory statements of admitted assets, liabilities, and capital and surplus, net of ceded unearned amounts.

If unearned premiums, along with anticipated investment income, are determined to be insufficient to cover expected future losses, loss adjustment expenses, policyholder dividends, and administrative costs, a premium deficiency reserve is established. The Group has not established any premium deficiency reserves at December 31, 2009. As of December 31, 2008, the Group had a premium deficiency reserve of $115.

(d) Real Estate and Equipment

Depreciation of buildings and improvements and data processing equipment is provided on the straight-line basis over the estimated useful lives of the respective assets. Real estate investments are reviewed for indicators of impairment including current market conditions, changes in the manner in which the property is used, changes in physical conditions of the property, and changes in the general business climate. In the event impairment exists, real estate would be written down to fair value, with impairment charges recorded as a component of realized gains (losses) in the combined statutory statements of income. Real estate is valued as original cost less depreciation for statutory accounting purposes.

(e) Reserves for Losses and Loss Adjustment Expenses

Liabilities for loss and loss adjustment expenses represent the estimated ultimate net cost of all reported and unreported losses incurred, net of salvage and subrogation. The Group provides reserves for losses based primarily upon (1) individual case estimates for reported losses on known events; (2) estimates for unreported losses based upon past experience modified for current trends; (3) estimates received relating to assumed reinsurance; and (4) deductions of amounts for ceded reinsurance. The Group provides reserves for loss adjustment expenses by estimating future expenses to be incurred in settlement of claims provided for in the reserves for losses.

Uncertainty is inherent in these estimates. The sources of this uncertainty include, but are not limited to, the following: changes in the standards of liability, current state of coverage of litigation and the law, likelihood of claimants bringing suit, and the size of jury awards. The reserve estimates represent management's best estimate given the information currently available; however, it should be recognized that future loss emergence will likely deviate, perhaps materially, from the recorded estimates.

(f) Reinsurance

Under state regulations, insurance companies are permitted to treat risks that have been reinsured with other approved insurance companies, to the extent of the reinsurance and within the limits specified, as though they were not risks for which the Group is liable. However, in the event of nonperformance by reinsurers, the Group remains liable to policyholders.

Reinsurance premiums and losses are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the respective reinsurance contracts.

(g) Federal Income Taxes

The Group's federal income tax information is included in the consolidated federal income tax return of QBE Investments (North America), Inc., the parent of QBE Holdings, Inc. The provision for federal income taxes is computed on a separate return-equivalent basis, based upon taxes currently payable. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future federal income tax consequences attributable to differences between the combined statutory financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted federal income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in deferred tax assets and liabilities, including changes attributable to changes in tax rates and changes in tax status, are recognized as a separate component of the change in capital and surplus.

Each insurance company files its own separate state income tax returns, if applicable, except where required to file a state income tax return combined with other affiliates.

In December 2009, the Company adopted Statutory Accounting Principle No. 10R, *Income Taxes – Revised, A Temporary Replacement of SSAP 10* (SSAP 10R). This statement adds

valuation allowance criteria, allows companies' that are subject to a risk-based capital test to potentially admit additional deferred tax assets under a three year admissibility test that incorporates an increased 15% surplus limitation, and includes significant additional disclosures. SSAP 10R is effective for 2009 and 2010 years only. Refer to footnote 8 for the Company's SSAP 10R calculation and the impact of its adoption on admitted assets and surplus.

(h) Financial Instruments and Concentrations of Credit Risk

The Group's investments in bonds and common stocks comprise a diverse portfolio represented by a number of issuers, with no issuer (non-U.S. government) accounting for more than 10% of the Group's total investment in these securities at December 31, 2009 and 2008.

(i) Postretirement Benefits

The Group participated in a defined benefit healthcare plan (the Plan) that provides postretirement medical benefits to certain full-time employees who elected an early retirement option. Benefits were provided until the retirees attain age 65. At December 31, 2008, this plan was frozen, not allowing new participants to enroll. The plan was terminated, effective June 30, 2009, for existing plan participants. The estimated liability to run out the plan was recorded in the Company's balance sheet at December 31, 2008 and the liability was eliminated by December 31, 2009.

The Group participates in a noncontributory defined benefit pension plan (the Pension Plan) that covers all eligible employees. The Pension Plan provides benefits to employees who have completed five years of eligible service. Effective January 1, 2009, this plan was merged with the defined benefit plans of other United States' based affiliates of QBE Insurance Group Limited. As of December 31, 2009, the Group accrued its obligations for the plan in accordance with actuarially determined amounts based on participation of Group employees in the new plan.

(j) Policyholder Dividends

Policyholder dividends are recorded as expense at the earlier of payment or declaration by the board of directors.

(k) Use of Estimates

The preparation of the combined statutory financial statements requires management to make estimates and assumptions that affect the reported financial statement balances, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Similar to most companies with property and casualty insurance operations, the reserves for losses and loss adjustment expenses, although supported by actuarial science and other supportive data are ultimately based on management's reasoned expectations of future events. It is reasonably possible that expectations associated with these accounts could change.

(l) Nonadmitted Assets

Certain assets designated as "nonadmitted assets" (principally furniture and equipment, overdue agents' balances, a portion of the deferred tax asset, and certain other receivables) have been charged to surplus.

(m) Commissions Payable

Commissions payable include amounts due to individual agencies which have been established based on business written, as well as contingent commissions which are determined based on contractual provisions, including loss experience, and are recorded as underwriting expenses.

(n) Cash Flow Information

The Group defines cash and short-term investments to include cash in depository bank accounts, money market accounts, and short-term, highly liquid investments that are both readily convertible to cash and upon acquisition, have a maturity of one year or less. Drafts outstanding represent certain outstanding claim payments that are funded when cleared by the bank.

(o) Risks and Uncertainties

Certain risks and uncertainties are inherent to the Group's daily operations and to the process of preparing its combined statutory financial statements. Significant risks and uncertainties, as well as the Group's methods for mitigating, quantifying, and minimizing such risks, are presented below and throughout the notes to the combined statutory financial statements.

The Group writes property insurance contracts that include catastrophic events, such as earthquakes, brushfires, and windstorms. The Group utilizes various means to limit its exposures to such events, including the purchase of catastrophe reinsurance and the establishment of underwriting restrictions and guidelines to limit concentration of risk in catastrophe-prone areas. The total exposure to catastrophe risks is determined through the use of catastrophe modeling software.

(p) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The Group's 2008 combined statutory financial statements have been revised to include NFU and USIC for the year ended December 31, 2008.

(3) Invested Assets

The Group carries its bonds at amortized cost. The fair values of the Group's bonds have been determined in good faith by management using market quotations from independent pricing services. These values are referred to in the accompanying tables as "estimated fair value."

The amortized cost and estimated fair values of investments in bonds and unaffiliated common stocks as of December 31 are as follows:

	2009			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Bonds:				
U.S. government securities	$ 79,560	$ 2,742	$ (29)	$ 82,273
U.S. government-sponsored agencies	12,455	-	(7)	12,448
U.S. states and territories general obligations	11,317	588	(7)	11,898
Corporate securities	645,983	4,544	(1,555)	648,972
Total bonds	749,315	7,874	(1,598)	755,591
Common stocks- unaffiliated	198,892	36,470	(7,301)	228,061
Total bonds and common stocks	$ 948,207	$ 44,344	$ (8,899)	$ 983,652

	2008			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Bonds:				
U.S. government securities	$ 182,818	$ 8,415	$ -	$ 191,233
U.S. government-sponsored agencies	-	-	-	-
U.S. states and territories general obligations	-	-	-	-
Corporate securities	11,446	356	(270)	11,532
Total bonds	340,663	3	(21,675)	318,991
Common stocks- unaffiliated	534,927	8,774	(21,945)	521,756
Total bonds and common stocks	231,745	1,685	(46,117)	187,313
	$ 766,672	$ 10,459	$ (68,062)	$ 709,069

The amortized cost and estimated fair values of bonds at December 31, 2009, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized cost	Estimated fair value
Due within one year	$ 303,167	$ 304,140
Due after one year through five years	374,994	377,600
Due after five years through ten years	71,154	73,851
	$ 749,315	$ 755,591

Net investment income is summarized as follows for the years ended December 31:

	2009	2008
Investment income:		
Bonds:		
U.S. government securities	$ 3,396	$ 6,361
U.S. government sponsored agencies	554	65
U.S. states and territories general obligations	415	419
Corporate securities	7,736	16,283
Common stocks, unaffiliated	3,791	3,918
Real estate	15,393	17,288
Cash and short-term investments	21,229	58,225
Other	819	4,760
Total investment income	53,333	107,319
Investment expenses	(16,477)	(19,488)
Net investment income	$ 36,856	$ 87,831

The following is a summary of realized gains (losses), excluding other-than-temporary impairments from investments and real estate, for the years ended December 31:

	2009	2008
Gross realized gains		
Bonds	$ 2,300	$ 866
Common stocks	5,308	3,221
Other	1,227	1,884
Total realized gains	8,835	5,971
Gross realized losses		
Bonds	$ (6,389)	$ (12,525)
Common stocks	(26,589)	(31,918)
Other	(662)	(4,710)
Total realized losses	(33,640)	(49,153)
Total realized loss, net	(24,805)	(43,182)
Income tax benefit	236	2,083
Total realized loss, net of tax	$ (24,569)	$ (41,099)

Securities and stocks in an unrealized loss position are reviewed quarterly for other-than-temporary declines in value. Factors considered in determining whether a decline is other than temporary include the length of time a security has been in an unrealized loss position, the severity of decline in book value, reasons for the decline in value, including changes in interest rates, and expectations for the amount and timing of a recovery in value. For the years 2009 and 2008, the Group recorded other-than-temporary impairments on its common stock portfolio of $18,326 and $14,320 respectively.

For the years ending December 31, 2009 and 2008, the Group recognized real estate impairment charges of $0 and $832. In 2008, the Group recognized a real estate impairment on the property that remained available for sale and recorded a loss based upon a pending offer to purchase the property; this property has since been sold.

Proceeds from the sale of investment in stocks of non-affiliates during 2009 and 2008 totaled $98,756 and $142,004, respectively.

Proceeds from the sale of investment in bonds, not including maturities or principal receipts, during 2009 and 2008 totaled $398,646 and $946,157, respectively.

The fair value and the amount of gross unrealized losses as of December 31 are as follows:

	2009					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. government securities	$ 26,122	$ (29)	$ -	$ -	$ 26,122	$ (29)
U.S. government-sponsored agencies	12,448	(7)	-	-	12,448	(7)
U.S. states and territories general obligations	-	-	1,071	(7)	1,071	(7)
Corporate securities	160,441	(1,421)	49,709	(134)	210,150	(1,555)
Total bonds	199,011	(1,457)	50,780	(141)	249,791	(1,598)
Common stocks, unaffiliated	22,849	(1,335)	46,572	(5,966)	69,421	(7,301)
Total temporary impairments	$ 221,860	$ (2,792)	$ 97,352	$ (6,107)	$ 319,212	$ (8,899)

	2008					
	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. government securities	$ -	$ -	$ -	$ -	$ -	$ -
U.S. government-sponsored agencies	-	-	-	-	-	-
U.S. states and territories general obligations	-	-	1,918	(270)	1,918	(270)
Corporate securities	240,454	(17,110)	30,133	(4,565)	270,587	(21,675)
Total bonds	240,454	(17,110)	32,051	(4,835)	272,505	(21,945)
Common stocks, unaffiliated	149,839	(46,010)	209	(108)	150,048	(46,118)
Total temporary impairments	$ 390,293	$ (63,120)	$ 32,260	$ (4,943)	$ 422,553	$ (68,063)

At December 31, 2009, the Group held 51 securities with a fair value of $319,212 and gross unrealized losses of $8,899. Thirty-three of these securities were common stock, and 18 securities were fixed income.

The 2009 and 2008 unrealized losses are believed to be due to the impact of the global economic downturn in equity valuations as well as historically high credit spreads. The declines in value are not due to deteriorating credit quality or expected defaults and are considered temporary.

Marketable securities with a carrying value of $67,069 and $72,154 at December 31, 2009 and 2008, respectively, were on deposit under requirements of regulatory authorities. The Group holds $97,402 and $131,803 in foreign investments as of December 31, 2009 and 2008, respectively.

The Group does not engage in subprime residential mortgage lending. The Group does not have a direct exposure to subprime mortgage loans or hold any structured products referencing subprime loans. The Group may have an indirect exposure via its holdings of investment grade banks that in turn have exposure to subprime loans. The Group defines direct subprime exposure to be either the loans themselves, or securities backed by pools of loans/assets that include subprime mortgages (e.g. collateralized debt obligations (CDOs), asset backed securities (ABS), asset backed commercial paper (ABCP)).

(4) Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses are based on estimates of payments to be made for, or in settlement of, individual claims that have been incurred and reported to the Group and estimates of losses that have been incurred but have not been reported (IBNR) to the Group.

Management believes that the reserves for losses and loss adjustment expenses at December 31, 2009 are adequate to cover the ultimate net cost of losses on claims incurred to date, but the reserves are necessarily based on estimates, and the ultimate liability may be more or less than such estimates.

The estimated amount of anticipated salvage and subrogation included as a reduction to the reserves for losses and loss adjustment expenses as of December 31, 2009 and 2008 was $40,293 and $40,426, respectively.

The following table is a reconciliation of the Group's liabilities for unpaid losses and loss adjustment expenses (LAE) for the years ended December 31, 2009 and 2008. Because reserves are based on estimates, the ultimate net cost may vary from the original estimate. As adjustments to these estimates become necessary, they are reflected in current operations. As part of the reserving process, historical data is reviewed, and consideration is given to the anticipated impact of various factors, such as legal developments and economic conditions, including the effects of inflation. Changes in reserves from the prior year's estimates are calculated based on experience as of the end of each succeeding year (loss and LAE development).

	2009	2008
Unpaid losses and LAE at beginning of year, net of reinsurance recoverable of $288,456 at year end 2008 and $125,663 at year end 2007	$ 1,109,251	$ 1,520,368
Incurred losses and LAE related to:		
Current year	654,331	803,744
Prior years	10,312	(163,996)
Total incurred	664,643	639,748
Loss and LAE payments for claims incurred related to:		
Current year	339,410	441,835
Prior years	359,686	609,030
Total paid, net of reinsurance recoverable	699,096	1,050,865
Unpaid losses and LAE at end of year, net of reinsurance recoverable of $314,268 in 2009 and $288,456 in 2008	$ 1,074,798	$ 1,109,251

During 2009, the Group recorded $10,312 of unfavorable development on prior accident year loss reserves primarily in workers' compensation. For this line, reserves for incurred losses and loss adjustment expenses attributable to events of prior years have increased as a result of changes in estimates of ultimate incurred loss and loss adjustment expense.

During 2008, the Group recorded $163,996 of favorable development on prior accident year loss reserves. Reserves for incurred losses and loss adjustment expenses attributable to events of prior years have decreased in 2008 as a result of changes in estimates of ultimate incurred loss and loss adjustment expense. Development on known claims was better than expected in 2008, particularly in long tailed lines such as auto liability, commercial multiple peril and workers' compensation.

The Group has exposure to mold claims. The reserves for these claims include a provision for additional development on both known and unreported claims. Estimation of ultimate liabilities for these claims is uncertain due to issues such as determination of ultimate damages and allocation of such damages to financially responsible parties. Therefore, any estimate of these liabilities may be subject to greater than normal variation.

The Group has exposure to asbestos and environmental claims. The Group's exposure to asbestos claims is from policies written for small companies from the 1960's through the 1980's. The environmental exposure stems from small commercial accounts, municipalities and underground tank exposure in Indiana. The Indiana exposure is the result of a court decision to not recognize the absolute pollution exclusion contained in policies. In establishing reserves for losses and loss adjustment expenses related to such exposures, management of the Group considers facts currently known and the current state of the law and coverage litigation. The Group tries to estimate the full impact to the asbestos and environmental exposure by establishing full-case-basis reserves (loss and LAE) on all known losses. IBNR reserves are established to cover additional exposure on both known and unasserted claims based on an actuarial study completed in 2007.

The Group's asbestos-related losses (including coverage dispute costs) for the two most recent calendar years were as follows:

	Year ended December 31, 2009	2008
Gross of reinsurance:		
Beginning reserves	$ 50,901	$ 55,774
Incurred losses and loss adjustment expense	648	80
Claims paid	(3,517)	(4,953)
Ending reserves	$ 48,032	$ 50,901
Net of reinsurance:		
Beginning reserves	$ 38,348	$ 40,929
Incurred losses and loss adjustment expense	173	342
Claims paid	(1,810)	(2,923)
Ending reserves	$ 36,711	$ 38,348

The Group's environmental losses (including coverage dispute costs) for the two most recent calendar years were as follows:

	Year ended December 31, 2009	2008
Gross of reinsurance:		
Beginning reserves	$ 51,465	$ 48,596
Incurred losses and loss adjustment expense	(1,130)	7,452
Claims paid	(4,347)	(4,583)
Ending reserves	$ 45,988	$ 51,465
Net of reinsurance:		
Beginning reserves	$ 43,558	$ 44,516
Incurred losses and loss adjustment expense	7	3,607
Claims paid	(4,345)	(4,565)
Ending reserves	$ 39,220	$ 43,558

Included in the above amounts for asbestos and environmental exposures, the Group holds gross IBNR and bulk reserves for losses and loss adjustment expenses (including coverage dispute costs) in the amount of $72,422 and $78,746 at December 31, 2009 and 2008, respectively.

The Group has included $18,089 and $20,460 in ceded reinsurance recoveries in its combined statutory financial statements on asbestos or environmental exposures at December 31, 2009 and 2008, respectively.

Developed case law and adequate claim history do not exist for the above types of claims, and significant uncertainty exists about the outcome of coverage litigation and whether past claim

experience will be representative of future claim experience. Accordingly, traditional actuarial reserving methodologies are not as accurate in estimating ultimate losses, bringing greater uncertainty to the loss reserve estimation process.

(5) Reinsurance

The Group has entered into various property, casualty, and other reinsurance treaties for protection against higher than anticipated claims frequency or severity of losses incurred. The following coverages are for the United States based companies of QBE Insurance Group Limited.

The Group's basic property coverage is property excess of loss which allows the group to recover losses up to $75,000 and $50,000 in 2009 and 2008 respectively, after deducting the Group's maximum retention of $2,500. The Group has catastrophic loss coverage up to a limit of $625,000 and $600,000 after deducting the Group's retention limits of $55,000 and $25,000, in 2009 and 2008, respectively. This coverage covers a single catastrophe including terrorism, except for terrorism involving nuclear, biological or chemical events.

The Group also has aggregate catastrophic property loss coverage up to $75,000 and $50,000 after deducting the Group's retention of $25,000. This coverage covers events declared to be catastrophes by Property Claims Services or events not declared as catastrophes but which result in an insured loss to at least three or more of the Group's insured risks. Per event losses of at least $2,000 (retention per catastrophe) and $2,500 (aggregate minimum) in 2009 and 2008, respectively, are covered under these treaties. Acts of terrorism are excluded under this coverage. The Group also participates in a global aggregate cover with all of QBE Insurance Group Limited that covers aggregate world catastrophe events.

The Group's casualty excess of loss reinsurance 2009 coverage provides coverage for liability claims incurred under automobile liability, general liability, workers' compensation, and employer's liability policies underwritten by the Group. Losses up to $10,000, including acts of terrorism, are covered by three different reinsurance treaty types, traditional clash, workers' compensation and umbrella.

The Group carries terrorism aggregate excessive loss coverage. This reinsurance provides coverage for losses arising from a nuclear, biological, or chemical event certified as an Act of Terrorism under the Terrorism Risk Insurance Act of 2002. Coverage is for losses up to $50,000 and $40,000 in 2009 and 2008, respectively, after deducting $10,000 retained by the Group. Coverage is designed to supplement existing reinsurance that excludes acts of terrorism involving nuclear, biological, or chemical events.

Effective October 1, 2009, General Casualty entered into a quota share reinsurance agreement to assume 100% of all in-force, new and renewal business of an affiliate, Capital City Insurance Company (Capital). In addition, General Casualty entered into a loss portfolio transfer agreement to assume 100% of Capital's September 30, 2009 reserves. General Casualty received $86,658 of cash and investments under this agreement. As of December 31, 2009, General Casualty has assumed $75,649 of loss and loss adjustment expense reserves and $2,905 of unearned premium reserve.

Effective January 1, 2008, General Casualty entered into a quota share reinsurance agreement to cede 25% of all in-force, new and renewal commercial lines business (excluding umbrella and auto)

to an affiliate, Equator Reinsurances Limited (Equator Re). In addition, General Casualty entered into a loss portfolio transfer agreement to cede 25% of its December 31, 2007 reserves related to the same commercial lines of business to Equator Re. As of December 31, 2009, General Casualty has ceded $136,026 of loss and loss adjustment expense reserves and $44,689 of unearned premium reserve. Equator Re has established a trust account as collateral for all outstanding balances at December 31, 2009. As of December 31, 2008, General Casualty has ceded $144,749 of loss and loss adjustment expense reserves and $45,632 of unearned premium reserve.

Unigard entered into an all lines quota share reinsurance agreement to cede 25% of all new and renewal business after January 1, 2008 to Equator Re. As of December 31, 2009, Unigard has ceded $26,010 of loss and loss adjustment expense reserves and $29,582 of unearned premium reserve. Equator Re has established a trust account as collateral for all outstanding balances at December 31, 2009. As of December 31, 2008, Unigard has ceded $12,907 of loss and loss adjustment expense reserves and $30,183 of unearned premium reserve.

NFU entered into an all lines quota share reinsurance agreement to cede 25% of all new and renewal business after January 1, 2008 to Equator Re. As of December 31, 2009, NFU has ceded $10,975 of loss and loss adjustment expense reserves and $15,411 of unearned premium reserve Equator Re has established a trust account as collateral for all outstanding balances at December 31, 2009. As of December 31, 2008, NFU has ceded $6,003 of loss and loss adjustment expense reserves and $15,520 of unearned premium reserve.

General Casualty has entered into quota share reinsurance agreements to cede certain business written by managing general agents (MGA's) to affiliated companies. As of December 31, 2009, the Company had ceded outstanding loss and loss adjusting expense reserves of $7,125 and unearned premium reserves of $8,031. As of December 31, 2008, the Company had ceded outstanding loss and loss adjusting expense reserves of $1,115 and unearned premium reserves of $6,312.

NFU has entered into quota share reinsurance agreements to cede 10% of auto business written in the states of North Dakota (effective 4/1/2008) and Montana (effective 1/1/2009) to an unaffiliated third party. As of December 31, 2009, the Company had ceded outstanding loss and loss adjusting expense reserves of $771 and unearned premium reserves of $1,259. As of December 31, 2008, the Company had ceded outstanding loss and loss adjusting expense reserves of $381 and unearned premium reserves of $0.

The Group cedes business directly to various outside reinsurers based on the contracts listed above. The following is a summary of amounts deducted from the combined statutory financial statement captions indicated for reinsurance ceded:

	2009	2008
December 31:		
Losses and loss adjustment expense reserves	$ 314,269	$ 288,456
Unearned premiums	104,435	103,201
Year ended December 31:		
Premiums written	$ 292,460	$ 340,870
Premiums earned	291,225	242,408
Losses and loss adjustment expenses incurred	189,553	136,566

The Group assumes business from various involuntary pools and associations. In addition, the Group assumed business from its former affiliate Southern Guaranty Insurance Company of Georgia.

The following is a summary of amounts added to the combined statutory financial statement captions indicated for reinsurance assumed:

	2009	2008
December 31:		
Losses and loss adjustment expense reserves	$ 146,161	$ 79,134
Unearned premiums	6,028	4,025
Year ended December 31:		
Premiums written	$ 12,485	$ 10,104
Premiums earned	10,482	16,021
Losses and loss adjustment expenses incurred	9,857	14,003

The members of the Group participate in an intercompany pooling arrangement whereby the lead company, General Casualty, assumes 100% of the net business of each of the companies and then retrocedes to each member of the Group a portion (see below) of all of the net business written by General Casualty, including all business assumed under the pooling arrangement.

Company	NAIC #	Pool Percentage
General Casualty Company of Wisconsin	24414	35%
Regent Insurance Company	24449	9
General Casualty Insurance Company	18821	6
Hoosier Insurance Company	25750	4
Blue Ridge Insurance Company	24503	0
Blue Ridge Indemnity Company	40754	0
National Farmers Union Property and Casualty Company	16217	12
United Security Insurance Company	21776	0
Southern Guaranty Insurance Company	19178	7
Southern Pilot Insurance Company	22861	0
Southern Fire & Casualty Company	22888	0
Unigard Insurance Company	25747	24
Unigard Indemnity Company	25798	3

Provisions for overdue reinsurance and write-offs of uncollectible reinsurance balances are not subject to the pooling agreement. Assumptions and cessions under the intercompany pooling agreement are eliminated for purposes of the combined statutory financial statements and notes.

A credit risk exists with reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements. Allowances are established for amounts deemed uncollectible. The Group evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from its exposure to individual reinsurers. As of December 31, 2009, the Group's five largest reinsurers by balances recoverable on paid and unpaid losses represented 77.7% of the total reinsurance recoverable. At December 31, 2009, the Group's largest reinsurance balance was due from Equator Reinsurances Limited and represented 58.5% of the total reinsurance recoverable and 28.2% of policyholder surplus. The Group's five largest reinsurance recoverables on unpaid losses were due from the following reinsurers, with their respective Standard & Poor's rating indicated below:

Reinsurer	Amounts recoverable	S&P rating
Equator Reinsurances Limited (Affiliate)	$ 209,654	A+
Swiss Reinsurance American Corporation	24,483	A+
Hannover Rueckversicherung AG	19,819	AA-
Munich Reinsurance America, Inc.	13,209	A-
AXA Versicherungen AG	11,412	A+

(6) Related-Party Transactions

Transactions with affiliates not disclosed elsewhere in the notes are as follows:

The Group declared and paid shareholder dividends to its parent company, QBE Regional, totaling $72,500 in 2009. During 2008, the Group declared shareholder dividends to its parent company totaling $275,000. Actual payment dates were as follows:

2009		2008	
Payment Date	Amount	Payment Date	Amount
May 26	$ 30,000	March 24	$ 275,000
September 30	20,000		
December 28	22,500		
Total	$ 72,500	Total	$ 275,000

In addition to the above, NFU paid dividends on March 28, 2008 and June 30, 2008 to its former parent, QBE Reinsurance Corporation, in the amount of $3,000 on each date.

Effective January 1, 2009, USIC's ownership transferred from NFU to General Casualty in a dividend transaction.

Effective October 31, 2008, General Casualty completed a statutory purchase of NFU and its wholly owned subsidiary USIC from an affiliated company for $190,073. This purchase resulted in General Casualty recording $76,189 of goodwill which is being amortized over 10 years. Goodwill amortization of $7,619 and $1,270 was recorded in 2009 and 2008, respectively.

The Group carries an investment in CSFB Strategic Partners II, L.P. This limited partnership was affiliated with Winterthur, the group's former parent company. The Group has a total commitment to invest $10,000 in the CSFB Fund. The Group had invested $6,203 and $6,037 (with a carrying value of $1,135 and $1,248) as of December 31, 2009 and 2008, respectively.

The Group has a service agreement with Minster Court Asset Management PTY Limited to manage its investment portfolio. The Group paid $2,638 and $3,186 for this service in 2009 and 2008, respectively.

The Group had a receivable from affiliates of $2,228 as of December 31, 2009 and a payable to affiliates of $3,409 as of December 31, 2008.

(7) Benefit Plans

(a) Pension Plans

The Group participates in a noncontributory defined benefit plan that covers all employees of the group. The normal cost for the years ended December 31, 2009 and 2008 and the applicable amortization of prior service costs have been funded in accordance with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Effective January 1, 2009, this plan was merged with the defined benefit plans of other United States based QBE Insurance Group

Limited companies. As of December 31, 2009, the Group accrued its participation in the plan in accordance with actuarially determined amounts based on the plan design of the new plan.

The Group also participates in a pension restoration plan to provide pension benefits to a select group of highly compensated employees whose pension benefits would otherwise be limited by the qualified plan limits contained in Section 401(a)(17), the considered compensation limit, and Section 415, maximum benefit limit. As of December 31, 2009, the Group accrued in accordance with actuarially determined amounts.

As of December 31, 2009, the Group recorded a prepaid pension asset for these Plans in accordance with actuarially determined amounts.

Summarized information on the pension plan and pension restoration plan as of and for the years ended December 31 is as follows:

	2009	2008
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 236,109	$ 245,068
Service cost	6,082	7,356
Interest cost	14,152	15,163
Plan amendments	-	(18,567)
Actuarial (gain) loss	15,770	(1,625)
Benefits paid	(14,083)	(11,287)
Past service cost	(739)	-
Projected benefit obligation at end of year	$ 257,291	$ 236,108
Change in plan assets:		
Plan assets at fair value at beginning of year	$ 175,600	$ 224,287
Actual return on plan assets	19,256	(37,748)
Company contribution	6,442	348
Benefits paid	(14,083)	(11,287)
Plan assets at fair value at end of year	$ 187,215	$ 175,600
Reconciliation of prepaid pension costs and net amount recognized:		
Funded status of the plan	$ (70,076)	$ (60,508)
Unrecognized prior service cost	(15,932)	(17,335)
Unrecognized net loss	92,097	91,956
Prepaid pension cost at year-end	$ 6,089	$ 14,113
Prepaid pension asset	$ 6,089	$ 14,113
Additional minimum liability	(54,339)	(40,499)
Net recognized	$ (48,250)	$ (26,386)

The pension benefits related to nonvested employees as of December 31, 2009 and 2008 are $6,260 and $3,286, respectively. The accumulated benefit obligations for non-vested employees

are $4,293 and $2,524 as of December 31, 2009 and 2008, respectively. The accumulated benefit obligations for vested employees at December 31, 2009 and 2008 are $235,531 and $224,423, respectively.

Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities.

Pension expense is included in underwriting expenses on the combined statutory statements of income and is comprised of the following for the years ended December 31:

	2009	2008
Service cost	$ 6,082	$ 7,356
Interest cost	14,152	15,163
Expected return on plan assets	(11,870)	(17,878)
Amortization of prior service costs	(2,143)	479
Amortization of losses	8,243	2,724
Net periodic pension costs	$ 14,464	$ 7,844

The following table summarizes benefits expected to be paid in each of the next five years and, in the aggregate, for the five fiscal years thereafter:

2010	$ 18,076
2011	18,883
2012	19,211
2013	19,795
2014	20,771
2015–2019	109,365
Total future benefit payments	$ 206,101

Effective January 1, 2010, the obligations under the Group's noncontributory defined benefit plan and pension restoration plan were transferred to an affiliated company, QBE Americas Inc. (QBEAI). Future contributions for these plans will be made from QBEAI.

The following weighted average assumptions were used to determine the costs and liabilities associated with the pension plans:

	2009	2008
Used to determine benefit obligation:		
Measurement date	12/31/2009	12/31/2008
Discount rate	5.75%	6.25%
Expected return on plan assets	7.00	7.00
Rate of compensation increase	4.00	4.00

	2009	2008
Used to determine benefit cost:		
Measurement date	12/31/2009	12/31/2008
Discount rate	6.25%	6.25%
Expected return on plan assets	7.00	8.25
Rate of compensation increase	4.00	4.75

The assets of the Group's defined benefit plan are invested in a diversified mix of traditional asset classes. The investment objectives are designed to (1) obtain an optimal level of return at an acceptable level of risk, (2) maintain an overall level of financial asset adequacy, and (3) invest funds in a manner consistent with ERISA's fiduciary standard. Assets are allocated to provide adequate liquidity for pension disbursements and managed such that all retirement benefit payments are met as they become due.

Effective January 1, 2009, the Group's defined benefit plan was merged with the defined benefit plans of certain United States based companies of QBE Insurance Group Limited. An asset-liability analysis of the combined defined benefit plan was completed in 2009. A goal allocation is being finalized and will be implemented in 2010. As of December 31, 2009, 49% of the plan assets were in equities and 51% were in fixed income instruments.

The expected long-term rate of return on plan assets is reviewed at least annually, taking into account the asset allocation, historical, and future returns on the types of assets in the trust and the current economic environment. The Group periodically reviews asset allocations and adjusts them based on longer term outlooks. The return assumption is based on expectations for expected returns in the equity and fixed income markets over a longer term expectation horizon.

Fair value of plan assets

Fair value is defined as the price that would be received upon selling an investment in a timely transaction to an independent buyer in the principle or most advantageous market of the investment. The Group's financial assets and liabilities carried at fair value on a recurring basis have been classified for disclosure purposes, by prioritizing the inputs based on the valuation techniques used to measure fair value. The three levels of the fair value hierarchy are summarized below:

Level 1 – Observable inputs that reflect unadjusted quoted prices for identical securities in active markets.

Level 2 – Observable inputs other than quoted prices included in level 1 such as quoted prices for similar securities; interest rates, prepayment schedules, and credit risk for fixed income securities; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs including the Group's own assumptions in determining the fair value of investments.

The table below presents plan assets at the consolidated level of the United Stated based companies of QBE Insurance Group Limited, measured at fair value on a recurring basis:

		Fair Value Measurements at December 31, 2009		
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Common stocks	$ 97,541	$ 97,541	$ -	$ -
Bonds	89,790	-	89,790	-
Cash and cash equivalents	6,380	-	6,380	-
Short term investments	5,427	5,427	-	-
Total for US based QBE Insurance Group Limited companies	$ 199,138	$ 102,968	$ 96,170	$ -
Group interest in pension plan assets	$ 187,215			

Level 1 assets include actively traded, exchange listed equity securities and short term money market funds. Valuations are based upon unadjusted quoted exchange prices for equity securities and quoted net asset values for actively traded money market funds.

Level 2 assets include U.S. government agency securities, municipal bonds, and corporate debt. Valuations are based upon established interest rates.

There are no level 3 assets in the pension plan.

(b) Postretirement Benefits Other Than Pensions

The Group participated in a defined benefit healthcare plan that provided postretirement medical benefits to full-time employees who elected an early retirement option. Benefits were provided until the retirees attain age 65. At December 31, 2008, this plan was frozen, not allowing new participants to enter the plan. The plan was terminated effective June 30, 2009 for existing plan participants. The estimated liability to run out the plan has been recorded in the Group's balance sheet at December 31, 2008 and was eliminated by December 31, 2009.

The following table presents the plan's funded status reconciled with amounts recognized in the Group's combined statutory statements of admitted assets, liabilities, and capital and surplus at December 31:

	2009	2008
Change in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation at beginning of year	$ 750	$ 10,808
Service cost	237	-
Interest cost	-	-
Actuarial loss (gain)	-	168
Benefits paid	(987)	(348)
Curtailment	-	(9,878)
Accumulated postretirement benefit obligation at year-end	$ -	$ 750
Change in plan assets:		
Fair value of plan assets at beginning of year	$ -	$ -
Company contributions	987	348
Benefits paid	(987)	(348)
Fair value of plan assets at end of year	$ -	$ -
Reconciliation of accrued postretirement benefits costs and net amount recognized:		
Funded status of plan	$ -	$ (750)
Fourth quarter contribution	-	-
Unrecognized net actuarial loss	-	-
Unrecognized prior service cost	-	-
Accrued postretirement benefit cost at year-end	$ -	$ (750)

Net periodic postretirement benefit costs are included in underwriting expenses on the combined statutory statements of income and are comprised of the following for the years ended December 31:

	2009	2008
Service cost	$ -	$ -
Interest cost	-	-
Curtailment	-	(9,878)
Amortization of prior service cost	-	-
Amortization of recognized net loss	-	-
Total postretirement benefit cost	$ -	$ (9,878)

(c) Other Compensation Plans

The Group maintains a savings plan allowing eligible employees to defer up to 50% of their salary on a pre-tax or after-tax basis, with a company match up to 6% of pre-tax contributions at 50%. Employees are immediately vested in the company match. The Group's matching contributions for the plan were $3,043 and $3,571 in 2009 and 2008, respectively.

The Group offers various incentive compensation plans based on degree of success in meeting specified corporate and individual goals. Accruals related to incentive plans were $5,460 and $12,000 at December 31, 2009 and 2008, respectively, and included in other expenses in the combined statutory statements of admitted assets, liabilities, and capital and surplus.

The Group participated in a nonqualified deferred compensation plan for certain executives that allowed participants to defer up to 50% of their salary and up to 100% of their incentive compensation until termination of employment. Contributions to the plan were discontinued as of June 1, 2007 and no new participants will be allowed to join the plan. Plan assets are maintained in rabbi trusts in which the securities held are marked-to-market. Plan assets are recorded in other assets in the combined statutory statements of admitted assets, liabilities, and capital and surplus. The deferred compensation liabilities are equal to the value of the trusts and are included in amounts withheld or retained for account of others in the combined statutory statements of admitted assets, liabilities, and capital and surplus. Changes in deferred compensation plan assets and deferred compensation liabilities have a net zero impact to combined net income.

(8) Federal Income Taxes

Effective January 1, 2008, the Group entered into a tax sharing agreement with QBE Investments (North America), Inc. which replaced and made null all previous tax sharing agreements. Pursuant to this agreement, the group allocates tax among its members specifically on the basis of the tax allocation method provided in Section 1552(a)(2) of the Internal Revenue Code. Net operating loss and capital loss carryovers of the members shall be taken into account only to the extent such items were generated in a consolidated return year to which this agreement or the previous QBE Investments (North America), Inc. agreement applied.

At December 31, 2009, members of the consolidated group included the following:

QBE Investments (North America), Inc.
QBE Holdings, Inc.
QBE Management, Inc.
QBE Reinsurance Corporation
QBE Insurance Corporation
QBE Specialty Insurance Company
National Farmers Union Property and Casualty Company
United Security Insurance Company
QBE Regional Companies (N.A.), Inc.
General Casualty Company of Wisconsin
General Casualty Insurance Company
Regent Insurance Company
Hoosier Insurance Company
Blue Ridge Insurance Company
Blue Ridge Indemnity Company
Southern Guaranty Insurance Company
Southern Pilot Insurance Company
Southern Fire & Casualty Company
Unigard Insurance Company
Unigard Indemnity Company
Praetorian Financial Group, Inc.
Praetorian Insurance Company
Burnett Holdings, Inc.
Burnett & Company, Inc.
Burnett Insurance Management Services, Inc.
BCO Insurance Agency of Texas, Inc.
BCO Surplus Lines, Inc.-Texas
Stahl Intermediaries, Inc.
Redland Insurance Company
North Pointe Financial Services, Inc
North Pointe Casualty Insurance Company
North Pointe Insurance Company
Capital City Holding Company
Davis Garvin Agency, Inc.
Capital City Insurance Company, Inc.
QBE U.S. Agencies, Inc.
Deep South Surplus, Inc.
Deep South of California, Inc.
Southern National Risk Management, Inc.
S.I.U., LLC
Community Association Underwriters of America Inc.
ZC Sterling Corporation, Inc.
ZC Sterling Insurance Agency, Inc.
ZC Real Estate Tax Solutions Limited
Affinity Insurance Services, Inc.
SLG Benefits and Insurance, LLC
Westwood Insurance Agency
QBE Americas, Inc.

The change in the net deferred tax asset (liability) at December 31 is comprised of the following components:

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
Total of gross deferred tax assets	$ 116,580	$ 23,815	$ 140,395	$ 152,769
Total of gross deferred tax liabilities	1,673	4,050	5,723	961
Net deferred tax asset	114,907	19,765	134,672	151,808
Deferred tax asset nonadmitted			45,048	83,531
Net admitted deferred tax asset			89,624	68,277
(Decrease) increase in nonadmitted asset			$ (38,483)	$ 20,825

The members of the Group that participate in an intercompany pooling arrangement have elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e). The current period election was not available at December 31, 2008.

The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10(e):

Ordinary	$ 20,286
Captial	-
Total increase in admitted adjusted gross DTA	$ 20,286

This increase in included as a special surplus fund in the Statement of Admitted Assets, Liabilities, and Capital and Surplus.

The amount of each result or component of the calculation, by tax character, of paragraphs 10(a)., 10(b)i., 10(b)ii., 10(c).:

	December 31, 2009		
	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	$ -	$ -
Lesser of:			
Expected to be recognized within one year (10bi.)	$ 69,800	$ -	$ 69,800
10% of adjusted capital and surplus (10bii.)			$ 102,675
Adjusted gross DTAs offset against existing DTLs (10c)	$ 1,673	$ 4,050	$ 5,723
Risk based capital level used in paragraph 10.d:			
Total adjusted capital			$ 1,047,900
Authorized control level			$ 163,869

The amount of each result or component of the calculation, by tax character, of paragraphs 10(e)i, 10(e)ii(a), 10(e)ii(b), and 10(e)iii:

	December 31, 2009		
	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	$ -	$ -
Lesser of:			
Expected to be recognized within three years (10.e.i.)	$ 89,677	$ -	$ 89,677
15% of adjusted capital and surplus (10.e.ii.)			$ 154,013
Adjusted gross DTAs offset against existing DTLs (10.eiii)	$ 1,673	$ 4,050	$ 5,723
Risk based capital level used in paragraph 10.d:			
Total adjusted capital			$ 1,047,900
Authorized control level			$ 163,869

The following amounts resulting from the calculation in paragraphs 10(a), 10(b), and 10(c):

	December 31, 2009
Admitted DTAs	$ 69,380
Admitted assets	2,821,850
Statutory surplus	1,047,900
Total adjusted capital	1,047,900

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

	12/31/2009	12/31/2008
Federal	$ 6,038	$ 62,025
Foreign	-	-
	$ 6,038	$ 62,025
Federal income tax on capital gains/losses	(236)	(2,083)
Utilization of capital loss carryforwards	-	-
Utilization of operating loss carryforwards	-	-
Federal and foreign income taxes incurred	$ 5,802	$ 59,942

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

Deferred tax assets:	12/31/2009	12/31/2008	Change
Loss reserves	$ 35,338	$ 38,254	$ (2,916)
Unearned premium reserve	32,848	34,234	(1,386)
Employee benefit plans	22,522	21,786	736
Fixed assets	11,284	11,465	(181)
Other assets nonadmitted	6,994	6,638	356
Stocks, bonds and other investments	2,051	22,387	(20,336)
Premiums receivable	3,236	3,082	154
Goodwill	366	1,127	(761)
Net operating loss carryover	732	414	318
Net capital loss carryover	23,815	11,910	11,905
Other	1,210	1,472	(262)
Total deferred tax assets	$ 140,396	$ 152,769	$ (12,373)
Nonadmitted deferred tax assets	45,049	83,531	(38,482)
Admitted deferred tax assets	$ 95,347	$ 69,238	$ 26,109
Deferred tax liabilities:			
Stocks, bonds and other investments	5,616	846	4,770
Other	107	115	(8)
Total deferred tax liabilities	5,723	961	4,762
Net admitted deferred tax asset	$ 89,624	$ 68,277	$ 21,347

The change in net deferred income taxes is comprised of the following excluding nonadmitted assets:

	12/31/2009	12/31/2008	Change
Total deferred tax assets	$ 140,396	$ 152,769	$ (12,373)
Total deferred tax liabilities	5,723	961	4,762
Net deferred tax asset (liability)	134,673	151,808	(17,135)
Tax effect of unrealized gains (losses)			26,525
Change in net deferred income tax			$ 9,390

Gross deferred tax assets in the admissibility test were adjusted by $5,256 and $0 in 2009 and 2008 because other-than-temporary impairments totaling $15,018 and $0 in 2009 and 2008, respectively, are not expected to be realized in future tax returns.

The Group did not utilize any investment tax credits in the current or preceding year.

There were no adjustments to deferred tax assets or liabilities from enacted changes in status, rates, or laws in the current or preceding year.

There were no adjustments to deferred tax assets due to changes in circumstances about the realizability of these assets.

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before taxes. The significant items causing differences are as follows:

Description	Amount	Tax Effect	Effective Tax Rate
Pre tax income	$ (21,309)	$ (7,458)	35%
Dividends received deduction (net of proration)	(2,290)	(801)	4%
Other permanent differences	1,241	434	-2%
Nonadmitted premiums receivable	(440)	(154)	1%
Other assets nonadmitted	6,287	2,200	-10%
Correction of 2008 deferred tax	5,011	1,754	-8%
2008 provision to return deferred tax change	3,421	1,197	-6%
2008 current tax settlement	(3,217)	(1,126)	5%
Correction of 2008 current tax	1,047	366	-2%
Total	(10,249)	(3,588)	17%
Federal and foreign income taxes incurred	16,579	5,802	-27%
Change in net deferred income taxes	(26,828)	(9,390)	44%
Total statutory income taxes	$ (10,249)	$ (3,588)	17%

The Group has estimated net capital loss carryforwards of $68,044 and $34,029 as of December 31, 2009 and 2008, respectively, which would expire in 2013 and 2014, available to offset future net capital gains. The Group has estimated net operating losses of $2,090 and $1,183 as of December 31, 2009 and 2008, respectively, which would expire in 2027 through 2030, available to offset

future net operating income. There were no Federal income taxes incurred in 2009 and 2008 available for recoupment in the event of future net losses. As of December 31, 2009 and 2008, the Group has no deposits admitted under Section 6603 of the Internal Revenue Service Code.

The Group has not taken any material uncertain tax position which would require disclosure.

(9) Borrowed Money and Hedging Activities

At December 31, 2009 and 2008, the Group had an outstanding liability of $0 and $19,333, respectively, due to U.S. Bank National Association for money borrowed under the terms of a commercial loan. The loan was established for $29,000 on April 5, 2002 and matured on April 1, 2009. The effective interest rate was a spread over LIBOR based on the Group's A.M. Best rating. At December 31, 2008, the interest rate on borrowings was 2.831%. Interest paid on the loan in 2009 and 2008 totaled $136 and $941, respectively. This note was secured by a bond portfolio with market value at or above the outstanding balance.

The Group entered into an interest rate swap agreement with U.S. Bank National Association on February 26, 2002. This agreement was amended on April 2, 2004 to extend the termination date from March 1, 2007 to April 1, 2009 and reduce the fixed interest rate from 4.74% to 4.71%. The objective of this transaction is to reduce borrowing cost through a reduction of the Group's exposure to uncertain cash flows (interest rate risk). Under the agreement, the Group agrees with U.S. Bank National Association to exchange, at the beginning of each calendar month, the difference between a floating-rate and fixed-rate interest amount, calculated by reference to an agreed notional principal amount for the specified interval. This transaction was entered into pursuant to an International Swap Dealers Association (ISDA) master agreement that provides for a single net payment to be made at each due date. The interest rate swap is valued at fair value as it does not qualify for hedge accounting, with changes in fair value recognized as adjustments to unassigned funds (surplus), and is recognized through changes in unrealized gain (loss) of investments in the combined statutory statements of changes in capital and surplus. The fair value for the interest rate swap was $(167) as of December 31, 2008. The interest expense (income) on the swap was $248 and $306 in 2009 and 2008, respectively.

(10) Regulation

The Group is highly regulated by the states in which it is domiciled, as well as states in which it does business. Such regulations, among other things, limit the amount of dividends, impose restrictions on the amount and types of investments the Group may hold, and regulate rates insurers may charge for various products. The Group is also subject to insolvency and guarantee fund assessments for policyholder losses covered by insolvent insurers. The Group accrues the full amount of the assessment upon notification of insolvency.

The NAIC has developed Property-Casualty Risk-Based Capital (RBC) standards that relate an insurer's reported statutory capital and surplus to the risks inherent in its overall operations. The RBC formula uses the statutory annual statement to calculate the minimum indicated capital level to support asset (investment and credit) risk and underwriting (loss reserves, premiums written, and unearned premium) risk. The NAIC model law calls for various levels of regulatory action based on the magnitude of an indicated RBC capital deficiency, if any. The Group continues to monitor its internal capital requirements and the NAIC's RBC developments. The members of the Group have

determined that their capital levels are all in excess of the minimum capital requirements for all RBC action levels.

Amounts available for distribution as dividends to shareholder are determined in accordance with accounting practices prescribed by insurance regulatory authorities. General Casualty's actual dividends declared and paid were $30,500 and $234,000 in 2009 and 2008, respectively. Under Wisconsin law, dividends in any 12-month period shall not exceed the lesser of (a) 10% of the insurance company's capital and surplus as of December 31 of the preceding year; or (b) the greater of (i) statutory net income for the preceding calendar year, minus related capital gains for that calendar year, or (ii) the aggregate of statutory net income for the three previous calendar years, minus realized capital gains for those calendar years, minus dividends paid or credited and distributions made within the first two of the preceding three calendar years. Additionally, under Wisconsin law, all authorizations of distributions to stockholders, other than stock dividends, must be reported to the Commissioner of Insurance for the state of Wisconsin in writing, and no payment may be made until at least 30 days after such report.

Unigard declared and paid dividends of $42,000 and $41,000 in 2009 and 2008, respectively. Under Washington law, dividends shall not exceed the greater of 10% of prior year surplus or net income from the prior year. Additionally, under Washington law, all authorizations of distributions to stockholders, other than stock dividends, must be reported to the Washington State Insurance Commissioner within five business days following the declaration thereof and at least 15 days before payment.

NFU declared and paid dividends of $6,000 in 2008 to its former parent, QBE Reinsurance Corporation. Under Colorado law, dividends shall not exceed the greater of net income or 10% of statutory surplus from the prior year without extraordinary approval of the Colorado Insurance Commissioner. Late in 2008, NFU declared a dividend to transfer of NFU's investment in USIC to General Casualty effective January 1, 2009 pending approval by the Colorado Division of Insurance. On December 9, 2008, the Division approved the extraordinary dividend. Under Colorado law, authorizations of ordinary distributions to stockholders must be reported to the Colorado State Insurance Commissioner within five days following the declaration thereof and at least ten business days before payment. Extraordinary dividends or distributions to shareholders cannot be made until 30 days after the Commissioner has received notice of the declaration and has not within such period disapproved the payment, or the Commissioner has approved the payment within the 30 day period.

Loans or advances from an insurance company authorized to do business in the state of Wisconsin to an affiliate involving any single transaction or group of related transactions that exceed the lesser of 2% of the insurer's admitted assets or 10% of unassigned surplus are subject to approval of the Commissioner. For the Group, the amount of this restriction is approximately $27,911 and $27,580 as of December 31, 2009 and 2008, respectively. The Group did not exceed this restriction in 2009 or 2008.

(11) Leases

Lessee

The Group is obligated under various noncancelable operating leases for office space, office equipment and autos. The following is a schedule of minimum lease payments required under the leases:

2010	$ 12,977
2011	10,785
2012	5,752
2013	4,041
2014	3,711
2015 and thereafter	4,920
Total future minimum lease payments	$ 42,186

Rent and equipment lease expense, excluding rent attributed to the Group's home office facilities, of $15,290 and $19,143 was included in underwriting expenses for 2009 and 2008, respectively.

Lessor

The Group leases space in one of its facilities to unrelated parties. Rental income for 2009 and 2008 was approximately $7,092 and $6,288, respectively. Future minimum lease payments due under these leases as of December 31, 2009 are as follows:

2010	$ 3,912
2011	3,104
2012	2,844
2013	2,841
2014	1,238
2015 and thereafter	2,205
Total future minimum lease payments	$ 16,144

(12) Fair Value of Financial Instruments

The carrying value and estimated fair value, which were classified as assets and liabilities, as of December 31 are as follows:

	2009		2008	
	Carrying value	Estimated Fair value	Carrying value	Estimated Fair value
Assets:				
Bonds	$ 749,315	$ 755,591	$ 534,927	$ 521,756
Common stocks, unaffiliated	228,061	228,061	187,313	187,313
Real estate	87,346	139,740	94,180	176,204
Cash and short-term investments	853,117	853,545	1,182,611	1,182,756
Other invested assets	1,435	1,435	1,334	1,334
Liabilities:				
Interest rate swap	—	—	167	167

Fair value is defined as the price that would be received upon selling an investment in a timely transaction to an independent buyer in the principle or most advantageous market of the investment. The Group's financial assets and liabilities carried at fair value on a recurring basis have been classified for disclosure purposes, by prioritizing the inputs to the valuation techniques used to measure fair value. The three levels of the fair value hierarchy are summarized below:

Level 1 – Observable inputs that reflect unadjusted quoted prices for identical securities in active markets.

Level 2 – Observable inputs other than quoted prices included in level 1 such as quoted prices for similar securities; interest rates, prepayment schedules, and credit risk for fixed income securities; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs including the Group's own assumptions in determining the fair value of investments.

The table below presents assets measured and carried at fair value on a recurring basis. Short term investments and bonds are carried at amortized cost and are not included in the table below. Other invested assets consist primarily of an investment in a limited partnership carried at the underlying GAAP equity and the interest rate swap agreement are considered immaterial for purpose of this disclosure and are thereby not included below.

		Fair Value Measurements at December 31, 2009		
	Total	Level 1	Level 2	Level 3
Assets:				
Common stocks, unaffiliated	$ 228,061	$ 228,061	$ —	$ —
Cash and cash equivalents	156,576	156,576	—	—

		Fair Value Measurements at December 31, 2008		
	Total	Level 1	Level 2	Level 3
Assets:				
Common stocks, unaffiliated	$ 187,313	$ 187,313	$ —	$ —
Cash and cash equivalents	119,443	119,443	—	—

Level 1 assets include actively traded, exchange listed equity securities and short term money market funds. Valuations are based upon unadjusted quoted exchange prices for equity securities and quoted net asset values for actively traded money market funds.

(13) Contingencies

In the ordinary course of business, the Group is involved in certain claim- and nonclaim-related litigation, some of which involves or may involve substantial amounts. In the opinion of management, the ultimate liability, if any, will not have a material effect on the statutory financial condition of the Group.

The Group has guaranteed the debt of certain agencies that relate to the purchase or perpetuation of those agencies. The Group has $4,179 and $4,360 in such guarantees outstanding as of December 31, 2009 and 2008, respectively.

The Group is assessed for contributions to various state guaranty funds as a means to offset losses due to insolvency of other insurers. Certain states allow companies to offset such assessments against premium taxes. Management does not anticipate any significant net effect on the financial condition or results of operations of the Group from such assessments. The Group has accrued $2,404 and $2,674 or such assessments as of December 31, 2009 and 2008, respectively.

(14) Subsequent Events

Management has evaluated subsequent events for recognition and disclosure through May 14, 2010, the date these financial statements were available for issuance.

Effective January 1, 2010, a new affiliated company, QBE Americas, Inc. (QBEAI), began operations to provide a variety of administrative services for the Group and certain United States based affiliates. All employees of the Group and certain U.S. affiliates, excluding employees based in the State of Washington and certain claim adjusters, became employees of QBEAI, resulting in liabilities associated with employees' benefit plans transferring at fair market values to QBEAI. In addition, associated electronic hardware, software, furniture, and equipment used by these employees were sold to QBEAI at book value which approximated the fair market value. The Group does not believe this event will have a material impact on its financial condition.

Supplemental Schedules

Report of Independent Auditors on Supplemental Financial Information

To the Board of Directors and Shareholders of:

Company Name	*State of Domicile*
Blue Ridge Indemnity Company	Wisconsin
Blue Ridge Insurance Company	Wisconsin
General Casualty Company of Wisconsin	Wisconsin
General Casualty Insurance Company	Wisconsin
Hoosier Insurance Company	Indiana
National Farmers Union Property and Casualty Company	Colorado
Regent Insurance Company	Wisconsin
Southern Fire & Casualty Company	Wisconsin
Southern Guaranty Insurance Company	Wisconsin
Southern Pilot Insurance Company	Wisconsin
Unigard Indemnity Company	Washington
Unigard Insurance Company	Washington
United Security Insurance Company	Colorado

(Collectively referred to as QBE Regional Insurance Companies, the Group, or the Company)

The report on our audit of the basic combined statutory basis financial statements (the "financial statements") of the Company as of December 31, 2009 and for the year then ended is presented on page 1 of this document. Our audit was conducted for the purpose of forming an opinion on the basic combined statutory basis financial statements taken as a whole. The supplemental schedules listed in the attached index of the Company as of December 31, 2009 and for the year then ended are presented for purposes of additional analysis and are not a required part of the basic combined statutory basis financial statements. The effects on the supplemental schedules listed in the attached index of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. As a consequence, the supplemental schedules listed in the attached index do not present fairly, in conformity with accounting principles generally accepted in the United States of America, such information of the Companies as of December 31, 2009 and for the year then ended. The combining schedules included in the supplemental schedules are presented for purposes of additional analysis of the combined financial statements rather than to present the statements of admitted assets, liabilities, and capital and surplus, statements of operations and changes in capital and surplus and cash flow of individual companies. Accordingly, we do not express an opinion on the combining statements of admitted assets, liabilities, and capital and surplus, statements of operations and changes in capital and surplus and cash flows of individual companies. The supplemental schedules listed in the attached index have been subjected to the auditing procedures applied in the audit of the basic statutory basis combined financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic statutory basis combined financial statements taken as a whole.

PricewaterhouseCoopers LLP

May 14, 2010

QBE REGIONAL INSURANCE COMPANIES
Combining Statutory Schedule – Statement of Admitted Assets, Liabilities, and Capital and Surplus
December 31, 2009
(In thousands)

Admitted Assets	General Casualty Company of Wisconsin	Southern Guaranty Insurance Company	Regent Insurance Company	General Casualty Insurance Company	Blue Ridge Insurance Company	Hoosier Insurance Company	Blue Ridge Indemnity Company	Southern Pilot Insurance Company	Southern Fire & Casualty Company
Cash and invested assets:									
Bonds, at amortized cost	$ 289,834	49,849	85,712	52,245	4,683	27,915	3,078	8,239	6,234
Common stocks, unaffiliated at fair value	86,691	19,811	19,509	14,661	-	8,547	-	-	-
Goodwill	341,298	-	-	-	-	-	-	-	-
Preferred stock	6,000	-	-	-	-	-	-	-	-
Real estate- owner occupied	32,551	4,369	-	866	-	-	-	-	-
Real estate- held for investment	-	-	-	-	-	-	-	-	-
Cash and short-term investments	275,071	57,714	56,900	43,691	6,420	39,564	4,212	4,265	449
Other invested assets	681	-	-	-	-	-	-	-	300
Total cash and invested assets	1,032,126	131,743	162,121	111,463	11,103	76,026	7,290	12,504	6,983
Agents' balances and uncollected premiums, net of commission and balances more than 90 days past due	120,383	24,077	30,956	20,638	-	13,759	-	-	-
Net deferred tax asset	35,511	5,549	7,052	4,797	-	3,471	-	445	-
Investment income due and accrued	2,102	590	903	451	54	282	35	141	80
Reinsurance recoverable on losses and loss adjustment expense payments	17,957	3,591	4,618	3,078	-	2,052	-	-	-
Electronic data processing equipment	287	-	-	-	-	-	-	-	-
Due from affiliate	-	9,175	3,782	3,015	89	1,981	-	-	-
Other assets	9,781	334	380	239	108	258	53	-	7
Total admitted assets	$ 1,218,147	175,059	209,812	143,681	11,354	97,829	7,378	13,090	7,070

Eliminations:
(a) Elimination of intercompany investments.
(b) Intercompany receivables and payables.
(c) Federal Income Tax Receivable/Payable.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES

Combining Statutory Schedule – Statement of Admitted Assets, Liabilities, and Capital and Surplus
December 31, 2009
(In thousands)

(Continued from previous page) Admitted Assets	National Farmers Union Property and Casualty Company	United Security Insurance Company	Eliminations debit (credit)	General Casualty Consolidated	Unigard Insurance Company	Unigard Indemnity Company	Eliminations debit (credit)	Unigard Consolidated	Eliminations debit (credit)	QBE Regional Combined
Cash and invested assets:										
Bonds, at amortized cost	$ 104,727	3,954	-	636,470	100,942	11,903	-	112,845	-	749,315
Common stocks, unaffiliated at fair value	26,628	-	-	175,847	45,186	7,028	-	52,214	-	228,061
Goodwill	-	-	(295,187) (a)	46,111	22,349	-	(22,349) (a)	-	-	46,111
Preferred stock	-	-	(6,000) (a)	-	-	-	-	-	-	-
Real estate- owner occupied	-	-	-	37,786	21,952	-	-	21,952	-	59,738
Real estate- held for investment	-	-	-	-	27,608	-	-	27,608	-	27,608
Cash and short-term investments	78,606	1,574	-	568,466	246,365	38,286	-	284,651	-	853,117
Other invested assets	-	-	-	981	454	-	-	454	-	1,435
Total cash and invested assets	209,961	5,528	(301,187)	1,465,661	464,856	57,217	(22,349)	499,724	-	1,965,385
Agents' balances and uncollected premiums, net of commission and balances more than 90 days past due	41,275	-	-	251,088	82,549	10,318	-	92,867		343,955
Net deferred tax asset	9,380	371	(2) (c)	66,574	20,486	2,564	-	23,050	-	89,624
Investment income due and accrued	605	21	-	5,264	1,668	274	-	1,942	-	7,206
Reinsurance recoverable on losses and loss adjustment expense payments	6,157	-	-	37,453	12,314	1,539	-	13,853	-	51,306
Electronic data processing equipment	237	-	-	524	103	-	-	103	-	627
Due from affiliate	14,140	-	(32,182) (b)	-	18,080	1,483	-	19,563	(17,335) (b)	2,228
Other assets	877	15	(249) (c)	11,803	2,194	115	(115) (c)	2,194	(471) (c)	13,526
Total admitted assets	$ 282,632	5,935	(333,620)	1,838,367	602,250	73,510	(22,464)	653,296	(17,806)	2,473,857

Eliminations:
(a) Elimination of intercompany investments.
(b) Intercompany receivables and payables.
(c) Federal Income Tax Receivable/Payable.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES
Combining Statutory Schedule – Statement of Admitted Assets, Liabilities, and Capital and Surplus
December 31, 2009
(In thousands)

(Continued from previous page) Liabilities and Capital and Surplus	General Casualty Company of Wisconsin	Southern Guaranty Insurance Company	Regent Insurance Company	General Casualty Insurance Company	Blue Ridge Insurance Company	Hoosier Insurance Company	Blue Ridge Indemnity Company	Southern Pilot Insurance Company	Southern Fire & Casualty Company
Liabilities:									
Reserves for losses and loss adjustment expenses	$ 376,179	75,236	96,730	64,489	-	42,991	-	-	-
Unearned premiums	162,456	32,491	41,774	27,851	-	18,566	-	-	-
Accrued pension and postretirement cost	15,893	3,179	4,087	2,724	-	1,816	-	-	-
Commissions payable	12,965	2,593	3,334	2,223	-	1,482	-	-	-
Ceded reinsurance premiums payable, net of ceding commissions	11,875	2,375	3,054	2,036	-	1,357	-	-	-
Other expenses	10,859	2,050	2,635	1,757	-	1,171	-	-	-
Amounts withheld or retained for account of others	7,270	98	-	-	-	-	-	-	-
Funds held under reinsurance	6,921	-	-	-	-	-	-	-	-
Reinsurance payable on paid loss and loss adjustment expenses	2,239	448	576	384	-	256	-	-	-
Advance premiums	1,458	290	375	250	-	167	-	-	-
Taxes, licenses, and fees	1,802	208	268	322	-	119	-	-	-
Provision for reinsurance	224	298	-	-	-	75	-	-	-
Drafts outstanding	42	8	11	7	-	5	-	-	-
Borrowed money	-	-	-	-	-	-	-	-	-
Federal income taxes payable	-	-	-	-	-	-	-	249	-
Payable to affiliates	49,175	-	-	-	-	-	7	7	5
Other liabilities	2,520	1,534	647	432	-	290	-	-	2
Total liabilities	661,878	120,808	153,491	102,475	-	68,295	7	256	7
Capital and surplus:									
Common stock	4,000	2,000	4,000	3,000	3,600	1,000	2,500	2,000	1,800
Preferred stock	-	-	-	-	-	-	-	60	-
Paid-in and contributed surplus	277,978	48,242	-	500	70,721	29,500	10,802	12,940	2,559
Special surplus funds	9,472	1,084	1,314	941	-	920	-	-	-
Unassigned surplus	284,721	2,925	51,007	36,765	(62,967)	(1,886)	(5,931)	(2,166)	2,704
Less cost of treasury stock	(19,902)	-	-	-	-	-	-	-	-
Total capital and surplus	556,269	54,251	56,321	41,206	11,354	29,534	7,371	12,834	7,063
Total liabilities and capital and surplus	$ 1,218,147	175,059	209,812	143,681	11,354	97,829	7,378	13,090	7,070

Eliminations:
(a) Elimination of intercompany investments.
(b) Intercompany receivables and payables.
(c) Federal Income Tax Receivable/Payable.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES
Combining Statutory Schedule – Statement of Admitted Assets, Liabilities, and Capital and Surplus
December 31, 2009
(In thousands)

(Continued from previous page) Liabilities and Capital and Surplus	National Farmers Union Property and Casualty Company	United Security Insurance Company	Eliminations debit (credit)	General Casualty Consolidated	Unigard Insurance Company	Unigard Indemnity Company	Eliminations debit (credit)	Unigard Consolidated	Eliminations debit (credit)	QBE Regional Combined
Liabilities:										
Reserves for losses and loss adjustment expenses	$ 128,977	-	-	784,602	257,953	32,243	-	290,196	-	1,074,798
Unearned premiums	55,699	-	-	338,837	111,400	13,922	-	125,322	-	464,159
Accrued pension and postretirement cost	5,449	-	-	33,148	10,898	1,362	-	12,260	-	45,408
Commissions payable	4,444	-	-	27,041	8,890	1,111	-	10,001	-	37,042
Ceded reinsurance premiums payable, net of ceding commissions	4,071	-	-	24,768	8,142	1,018	-	9,160	-	33,928
Other expenses	3,514	-	-	21,986	7,027	878	-	7,905	-	29,891
Amounts withheld or retained for account of others	175	(1)	-	7,542	2,110	-	-	2,110	-	9,652
Funds held under reinsurance	1,782	-		8,703	771	-	-	771	-	9,474
Reinsurance payable on paid loss and loss adjustment expenses	768	-	-	4,671	1,535	190		1,725		6,396
Advance premiums	500	-	-	3,040	999	127	-	1,126	-	4,166
Taxes, licenses, and fees	357	-	-	3,076	714	90	-	804	-	3,880
Provision for reinsurance	208	-	-	805	475	-	-	475	-	1,280
Drafts outstanding	14	-	-	87	29	4	-	34	-	121
Borrowed money	-	-	-	-	-	-	-	-	-	-
Federal income taxes payable	-	-	(249) (c)	-	587	-	(115) (c)	470	(470) (c)	-
Payable to affiliates	-	325	(32,183) (b)	17,336	-	-	-	-	(17,336) (b)	-
Other liabilities	1,033	-	(1) (c)	6,457	2,338	216	-	2,555	-	9,012
Total liabilities	206,991	324	(32,433)	1,282,099	413,868	51,161	(115)	464,914	(17,806)	1,729,207
Capital and surplus:										
Common stock	4,200	3,200	(27,300) (a)	4,000	3,000	3,000	(3,000) (a)	3,000	-	7,000
Preferred stock	-	-	(60) (a)	-	-	-	-	-	-	-
Paid-in and contributed surplus	34,454	3,237	(212,956) (a)	277,977	119,054	6,300	(6,300) (a)	119,054	-	397,031
Special surplus funds	1,354	-	-	15,085	4,626	575	-	5,201	-	20,286
Unassigned surplus	35,633	(826)	(60,871) (a)	279,108	61,702	12,474	(13,049) (a)	61,127	-	340,235
Less cost of treasury stock	-	-	-	(19,902)	-	-	-	-	-	(19,902)
Total capital and surplus	75,641	5,611	(301,187)	556,268	188,382	22,349	(22,349)	188,382	-	744,650
Total liabilities and capital and surplus	$ 282,632	5,935	(333,620)	1,838,367	602,250	73,510	(22,464)	653,296	(17,806)	2,473,857

Eliminations:
(a) Elimination of intercompany investments.
(b) Intercompany receivables and payables.
(c) Federal Income Tax Receivable/Payable.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES

Combining Statutory Schedule – Statement of Operations
Year ended December 31, 2009
(In thousands)

	General Casualty Company of Wisconsin	Southern Guaranty Insurance Company	Regent Insurance Company	General Casualty Insurance Company	Blue Ridge Insurance Company	Hoosier Insurance Company	Blue Ridge Indemnity Company	Southern Pilot Insurance Company	Southern Fire & Casualty Company
Underwriting:									
Net premiums written	$ 348,989	60,151	94,249	58,451	(26,309)	41,888	(8,769)	-	-
Change in unearned premiums	8,543	11,355	(2,313)	2,841	26,309	(1,028)	8,769	-	-
Premiums earned	357,532	71,506	91,936	61,292	-	40,860	-	-	-
Losses	197,957	39,591	50,903	33,936	-	22,624	-	-	-
Loss adjustment expenses	34,668	6,934	8,915	5,943	-	3,962	-	-	-
Underwriting expenses	125,803	25,161	32,350	21,567	-	14,378	-	-	-
Net losses and underwriting expenses incurred	358,428	71,686	92,168	61,446	-	40,964	-	-	-
Net underwriting gain (loss)	(896)	(180)	(232)	(154)	-	(104)	-	-	-
Investment income:									
Net investment income	98,521	2,893	3,277	2,212	957	1,265	299	305	257
Net realized capital gains (losses), net of tax	(12,425)	(3,718)	(3,098)	(2,295)	(4,226)	(1,365)	(1,233)	11	24
Net investment income (loss)	86,096	(825)	179	(83)	(3,269)	(100)	(934)	316	281
Other (expense) income:									
Net premium balances charged off	(503)	(101)	(130)	(86)	-	(58)	-	-	-
Finance and service charges	2,118	424	545	363	-	242	-	-	-
Other miscellaneous expense	535	204	(7)	(5)	-	(3)	-	-	-
Total other income (expense)	2,150	527	408	272	-	181	-	-	-
Income before dividends to policyholders and federal income taxes	87,350	(478)	355	35	(3,269)	(23)	(934)	316	281
Dividends to policyholders	6,154	1,231	1,583	1,055	-	703	-	-	-
Income (loss) before federal income taxes	81,196	(1,709)	(1,228)	(1,020)	(3,269)	(726)	(934)	316	281
Federal income tax expense	1,022	(1,004)	1,623	286	(3,663)	44	(1,240)	-	59
Net income (loss)	$ 80,174	(705)	(2,851)	(1,306)	394	(770)	306	316	222

Eliminations:
(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES

Combining Statutory Schedule – Statement of Operations
Year ended December 31, 2009
(In thousands)

(Continued from previous page)	National Farmers Union Property and Casualty Company	United Security Insurance Company	Eliminations debit (credit)	General Casualty Consolidated	Unigard Insurance Company	Unigard Indemnity Company	Eliminations debit (credit)	Unigard Consolidated	Eliminations debit (credit)	QBE Regional Combined
Underwriting:										
Net premiums written	$ 132,253	(557)	-	700,346	268,870	31,416	-	300,286	-	1,000,632
Change in unearned premiums	(9,672)	557	-	45,361	(23,707)	(771)	-	(24,478)	-	20,883
Premiums earned	122,581	-	-	745,707	245,163	30,645	-	275,808	-	1,021,515
Losses	67,871	-	-	412,882	135,742	16,967	-	152,709	-	565,591
Loss adjustment expenses	11,286	-	-	72,308	23,772	2,971	-	26,744	-	99,052
Underwriting expenses	43,133	-	-	262,392	86,266	10,783	-	97,049	-	359,441
Net losses and underwriting expenses incurred	122,290	-	-	747,582	245,780	30,721	-	276,501	-	1,024,084
Net underwriting gain / (loss)	(309)	-	-	(1,875)	(617)	(76)	-	(693)	-	(2,569)
Investment income:										
Net investment income	5,128	82	(89,500) (a)	25,696	12,551	1,109	(2,500) (a)	11,160	-	36,856
Net realized capital gains (losses), net of tax	(4,717)	142	-	(32,900)	(8,371)	(1,624)	-	(9,995)	-	(42,895)
Net investment income / (loss)	411	224	(89,500)	(7,204)	4,180	(515)	(2,500)	1,165	-	(6,039)
Other (expense) income:										
Net premium balances charged off	(173)	-	-	(1,051)	(345)	(43)	-	(388)	-	(1,439)
Finance and service charges	726	-	-	4,418	1,453	182	-	1,635	-	6,053
Other miscellaneous expense	59	-	-	783	(276)	(2)	-	(278)	-	505
Total other income / (expense)	612	-	-	4,150	832	137	-	969	-	5,119
Income before dividends to policyholders and federal income taxes	714	224	(89,500)	(4,929)	4,395	(454)	(2,500)	1,441	-	(3,489)
Dividends to policyholders	2,110	-	-	12,836	4,220	528	-	4,748	-	17,584
Income / (loss) before federal income taxes	(1,396)	224	(89,500)	(17,765)	175	(982)	(2,500)	(3,307)	-	(21,073)
Federal income tax expense	1,826	366	-	(681)	6,386	333	-	6,719	-	6,038
Net income / (loss)	$ (3,222)	(142)	(89,500)	(17,084)	(6,211)	(1,315)	(2,500)	(10,026)	-	(27,111)

Eliminations:
(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES

Combining Statutory Schedule – Statement of Changes in Capital and Surplus
Year ended December 31, 2009
(In thousands)

	General Casualty Company of Wisconsin	Southern Guaranty Insurance Company	Regent Insurance Company	General Casualty Insurance Company	Blue Ridge Insurance Company	Hoosier Insurance Company	Blue Ridge Indemnity Company	Southern Pilot Insurance Company	Southern Fire & Casualty Company
Unassigned surplus:									
Net income (loss)	$ 80,174	(705)	(2,851)	(1,306)	394	(770)	306	316	222
Change in net unrealized capital gains (losses), net of tax	(43,410)	4,134	4,056	3,045	1,600	1,771	526	-	-
Change in deferred federal income tax	4,439	(1,064)	1,769	326	(3,180)	170	(1,133)	(76)	2
Change in nonadmitted assets	7,461	5,046	4,112	3,342	2,552	2,075	1,036	393	-
Dividends to shareholders	(30,500)	(12,500)	(14,000)	(10,500)	(35,000)	(2,000)	(7,000)	-	(500)
Additional admitted deferred tax asset	9,472	1,084	1,314	941	-	920	-	-	-
Allocation to special surplus funds	(9,472)	(1,084)	(1,314)	(941)	-	(920)	-	-	-
Other	232	347	(203)	91	1,549	(104)	452	-	-
Net increase (decrease) in surplus	18,396	(4,742)	(7,117)	(5,002)	(32,085)	1,142	(5,813)	633	(276)
Capital and surplus, beginning of year	537,876	58,993	63,436	46,208	43,440	28,392	13,185	12,201	7,339
Capital and surplus, end of year	$ 556,272	54,251	56,319	41,206	11,355	29,534	7,372	12,834	7,063

Eliminations:
(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES

Combining Statutory Schedule – Statement of Changes in Capital and Surplus

Year ended December 31, 2009

(In thousands)

(Continued from previous page)	National Farmers Union Property and Casualty Company	United Security Insurance Company	Eliminations debit (credit)	General Casualty Consolidated	Unigard Insurance Company	Unigard Indemnity Company	Eliminations debit (credit)	Unigard Consolidated	Eliminations debit (credit)	QBE Regional Combined
Unassigned surplus:										
Net income (loss)	$ (3,222)	(142)	(89,500) (a)	(17,084)	(6,211)	(1,315)	(2,500) (a)	(10,026)	-	(27,111)
Change in net unrealized capital gains (losses), net of tax	5,049	-	52,637	29,408	8,465	1,450	934	10,849	-	40,257
Change in deferred federal income tax	871	(136)	-	1,988	6,618	784	-	7,402	-	9,390
Change in nonadmitted assets	5,347	474	-	31,838	9,580	716	-	10,296	-	42,134
Dividends to shareholders	(28,500)	(6,000)	116,000 (a)	(30,500)	(42,000)	(2,500)	2,500 (a)	(42,000)	-	(72,500)
Additional admitted deferred tax asset	1,354	-	-	15,085	4,626	575	-	5,201	-	20,286
Allocation to special surplus funds	(1,354)	-	-	(15,085)	(4,626)	(575)	-	(5,201)	-	(20,286)
Other	451	(73)	-	2,742	(841)	(68)	-	(909)	-	1,833
	(20,004)	(5,877)	79,137	18,392	(24,389)	(933)	934	(24,388)	-	(5,997)
Capital and surplus, beginning of year	95,643	11,487	(380,324)	537,876	212,772	23,283	(23,283)	212,772	-	750,647
Capital and surplus, end of year	$ 75,639	5,610	(301,187)	556,268	188,383	22,350	(22,349)	188,384	-	744,650

Eliminations:

(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES

Combining Statutory Schedule – Statement of Cash Flow
Year ended December 31, 2009
(in thousands)

	General Casualty Company of Wisconsin	Southern Guaranty Insurance Company	Regent Insurance Company	General Casualty Insurance Company	Blue Ridge Insurance Company	Hoosier Insurance Company	Blue Ridge Indemnity Company	Southern Pilot Insurance Company	Southern Fire & Casualty Company
Cash provided by operations:									
Premiums collected, net of reinsurance	$ 365,698	70,657	95,197	62,339	(6,771)	42,310	(2,256)	-	-
Losses and loss adjustment expenses and benefits paid, net of recoveries	(217,625)	(61,190)	(47,702)	(39,830)	(48,178)	(21,201)	(16,058)	-	-
Commissions, expenses paid, and aggregate write-ins for deductions	(177,177)	(41,732)	(42,688)	(31,296)	(17,022)	(18,972)	(5,674)	-	-
Net investment income received	112,165	3,842	3,864	2,689	1,915	1,438	560	358	288
Federal income taxes paid, net	(7,217)	12	(3,261)	(1,630)	2,569	(818)	925	560	(30)
Dividends paid to policyholders	(6,155)	(1,230)	(1,583)	(1,055)	-	(703)	-	-	-
Miscellaneous (expense) income	2,150	528	408	272	-	181	-	-	-
Cash provided by (used in) operations	71,839	(29,113)	4,235	(8,511)	(67,487)	2,235	(22,503)	918	258
Cash used in investing activities:									
Proceeds from investments sold, matured, or repaid:									
Bonds	106,917	28,891	35,727	28,210	31,450	21,997	9,737	136	589
Common stocks-non affiliated	30,301	7,347	7,231	5,446	12,519	3,169	4,078	-	-
Common stocks-affiliated	-	-	-	-	-	-	-	-	-
Other invested assets	26,544	-	-	-	-	-	7	-	-
Real Estate	-	2,763	-	-	-	-	-	-	-
Net gain on short-term investments	336	135	18	16	227	1	78	-	-
Total investment proceeds	164,098	39,136	42,976	33,672	44,196	25,167	13,900	136	589
Cost of investments acquired:									
Bonds	(258,086)	(49,031)	(74,901)	(44,429)	(7,043)	(29,448)	(3,031)	-	-
Common stocks, unaffiliated	(52,598)	(8,396)	(8,323)	(6,265)	(2,631)	(3,663)	(847)	-	-
Common stocks, affiliated	-	-	-	-	-	-	-	-	-
Real estate	-	-	-	-	-	-	-	-	-
Other invested assets			-	-	-	-	-	-	-
Miscellaneous (applications) proceeds	(652)	(12)	-	-	-	-	-	-	(300)
Total cost of investments acquired	(311,336)	(57,439)	(83,224)	(50,694)	(9,674)	(33,111)	(3,878)	-	(300)
Cash provided by (used in) investing activities	(147,238)	(18,303)	(40,248)	(17,022)	34,522	(7,944)	10,022	136	289

Eliminations:
(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES

Combining Statutory Schedule – Statement of Cash Flow

Year ended December 31, 2009

(In thousands)

(Continued from previous page)	National Farmers Union Property and Casualty Company	United Security Insurance Company	Eliminations debit (credit)	General Casualty Consolidated	Unigard Insurance Company	Unigard Indemnity Company	Eliminations debit (credit)	Unigard Consolidated	Eliminations debit (credit)	QBE Regional Combined
Cash provided by operations:										
Premiums collected, net of reinsurance	$ 113,560	(397)	-	740,337	258,371	31,732	-	290,103	-	1,030,440
Losses and loss adjustment expenses and benefits paid, net of recoveries	(10,713)	(1,728)	-	(464,225)	(95,090)	(15,901)	-	(110,991)	-	(575,216)
Commissions, expenses paid, and aggregate write-ins for deductions	(43,135)	(184)	-	(377,880)	(102,488)	(14,229)	-	(116,717)	-	(494,597)
Net investment income received	3,557	89	(100,987) (a)	29,778	17,181	1,420	(2,500) (a	16,101	-	45,879
Federal income taxes paid, net	(1,603)	-	-	(10,493)	(7,804)	(949)	-	(8,753)	-	(19,246)
Dividends paid to policyholders	(2,110)	-	-	(12,836)	(4,220)	(528)	-	(4,748)	-	(17,584)
Miscellaneous (expense) income	613	-	-	4,152	831	136	-	967	-	5,119
Cash provided by (used in) operations	60,169	(2,220)	(100,987)	(91,167)	66,781	1,681	(2,500)	65,962	-	(25,205)
Cash used in investing activities:										
Proceeds from investments sold, matured, or repaid:										
Bonds	78,125	6,395	-	348,174	122,649	15,711	-	138,360	-	486,534
Common stocks-non affiliated	20,860	-	(11,487) (a)	79,464	16,691	2,601	-	19,292	-	98,756
Common stocks-affiliated	-	-	-	-	-	-	-	-	-	-
Other invested assets	-	-	(26,500) (a)	51	29	-	-	29	-	80
Real Estate	-	-	-	2,763	275	-	-	275	-	3,038
Net gain on short-term investments	(8)	8		811	(25)	14	-	(11)	-	800
Total investment proceeds	98,977	6,403	(37,987)	431,263	139,619	18,326	-	157,945	-	589,208
Cost of investments acquired:										
Bonds	(105,702)	(2,502)	-	(574,173)	(118,822)	(10,027)	-	(128,849)	-	(703,022)
Common stocks, unaffiliated	(11,327)	-	11,487 (a)	(82,563)	(19,305)	(2,996)	-	(22,301)	-	(104,864)
Common stocks, unaffiliated				-				-		-
Common stocks, affiliated	-	-	-	-	-	-	-	-	-	-
Real estate	-	-	-	-	-	-	-	-	-	-
Other invested assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous (applications) proceeds	-	-	-	(964)	(667)	-	-	(667)	-	(1,631)
Total cost of investments acquired	(117,029)	(2,502)	11,487	(657,700)	(138,794)	(13,023)	-	(151,817)	-	(809,517)
Cash provided by (used in) investing activities	(18,052)	3,901	(26,500)	(226,437)	825	5,303	-	6,128	-	(220,309)

Eliminations:

(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES
Combining Statutory Schedule – Statement of Cash Flow
Year ended December 31, 2009
(In thousands)

(Continued from previous page)	General Casualty Company of Wisconsin	Southern Guaranty Insurance Company	Regent Insurance Company	General Casualty Insurance Company	Blue Ridge Insurance Company	Hoosier Insurance Company	Blue Ridge Indemnity Company	Southern Pilot Insurance Company	Southern Fire & Casualty Company
Cash used in financing:									
Borrowed funds repaid	$ (19,333)	-	-	-	-	-	-	-	-
Dividends paid to shareholders	(30,500)	-	(14,000)	(10,500)	(30,000)	(1,000)	(5,000)	-	(500)
Other cash provided (used)	73,389	(20,712)	(3,523)	(2,036)	(3,590)	(2,356)	(1,780)	3	3
Net cash provided by (used in) financing and other sources	23,556	(20,712)	(17,523)	(12,536)	(33,590)	(3,356)	(6,780)	3	(497)
(Decrease) increase in cash and short-term investments	(51,843)	(68,128)	(53,536)	(38,069)	(66,555)	(9,065)	(19,261)	1,057	50
Cash and short-term investments, beginning of year	326,917	125,843	110,435	81,759	72,975	48,629	23,475	3,206	399
Cash and short-term investments, end of year	$ 275,074	57,715	56,899	43,690	6,420	39,564	4,214	4,263	449

Eliminations:
(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

QBE REGIONAL INSURANCE COMPANIES
Combining Statutory Schedule – Statement of Cash Flow
Year ended December 31, 2009
(In thousands)

(Continued from previous page)	National Farmers Union Property and Casualty Company	United Security Insurance Company	Eliminations debit (credit)		General Casualty Consolidated	Unigard Insurance Company	Unigard Indemnity Company	Eliminations debit (credit)		Unigard Consolidated	Eliminations debit (credit)	QBE Regional Combined
Cash used in financing:												
Borrowed funds repaid	$ -	-	-		(19,333)	-	-	-		-	-	(19,333)
Dividends paid to shareholders	(39,987)	-	100,987	(a)	(30,500)	(42,000)	(2,500)	2,500	(a)	(42,000)	-	(72,500)
Other cash provided (used)	(16,640)	(6,006)	26,500	(a)	43,252	(29,884)	(5,516)	-		(35,399)	-	7,853
Net cash provided by (used in) financing and other sources	(56,627)	(6,006)	127,487		(6,581)	(71,884)	(8,016)	2,500		(77,399)	-	(83,980)
(Decrease) increase in cash and short-term investments	(14,510)	(4,325)	-		(324,185)	(4,278)	(1,032)	-		(5,309)	-	(329,494)
Cash and short-term investments, beginning of year	93,115	5,899	-		892,652	250,642	39,317	-		289,959	-	1,182,611
Cash and short-term investments, end of year	$ 78,605	1,574	-		568,467	246,364	38,285	-		284,650	-	853,117

Eliminations:
(a) Intercompany dividends.

The Group has rounded all amounts to the nearest thousand in preparing this schedule. Certain totals and/or combined subtotals may not agree due to rounding.

See accompanying independent auditors' report.

Total admitted assets $ 2,473,857

The 10 largest exposures to a single issuer, borrower, or investment, excluding US government US government agency securities, those US government money market funds listed as exempt by the SVO, property occupied by the Company, and policy loans, are as follows:

Issuer/investment	Amount	Percentage of total admitted assets
UBS AG Stamford CT	$ 96,542	3.90%
Banco Bildao VIZ ARG NY	94,523	3.82%
Commerzbank AG NY	89,200	3.61%
Nordea Bank Finland NY	80,540	3.26%
Landesbk Baden-Wurtt NY	75,000	3.03%
JPMorgan Prime MMKT FD-CAP	66,595	2.69%
Lloyds TSB Bank PLC NY	65,000	2.63%
JPMorgan Chase & Co	64,841	2.62%
General Elec Cap Corp	48,633	1.97%
American Honda Finance	45,496	1.84%

The amounts and percentages of the reporting entity's total admitted assets held in bonds by NAIC rating are as follows:

NAIC Rating	Amount	Percentage
1	$ 1,039,420	42.02%
2	2,148	0.09%

The Group does not hold any preferred stocks.

Admitted assets held in foreign investments are 3.94% of admitted assets.

The Group holds $97,402 in foreign investments.

The Group does not hold foreign-currency-denominated investments.

The Group does not hold foreign-currency-denominated insurance liabilities.

The amount and percentage of the reporting entity's total admitted assets held in foreign investments by NAIC rating are as follows:

NAIC Rating	Amount	Percentage
1	$ 97,402	3.94%

The two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating are as follows:

NAIC Rating - 1		Amount	Percentage
Country:	Australia	$ 54,192	2.19%
Country:	Sweden	12,000	0.49%

The Group does not have exposure to unhedged foreign currency.

The ten largest foreign issues are as follows:

Issuer	NAIC Rating	Amount	Percentage
National Australia Bank	1	$ 18,808	0.76%
Westpac Banking Corporation	1	18,144	0.73%
Svenska Handelsbanken AB	1	12,000	0.49%
Santander Issuances	1	11,293	0.46%
BNP Paribas	1	9,988	0.40%
HSBC Bank PLC	1	9,930	0.40%
Commonwealth Bank Australia	1	9,328	0.38%
Aust & NZ Banking Group	1	7,912	0.32%

Admitted assets held in Canadian investments are less than 2.5% of admitted assets.

The Group does not have any admitted assets held in investments with contractual sales restrictions.

The Group holds 9.2% of total admitted assets in nonaffiliated equity investments.

The 10 largest equity interests are as follows:

Issuer	Amount	Percentage
Apple Inc	$ 8,938	0.36%
JPMorgan Chase & Co	8,557	0.35%
Exxon Mobil Corp	8,266	0.33%
Apache Corp	7,846	0.32%
Bank Of America Corp	7,255	0.29%
Pfizer Inc	6,991	0.28%
Microsoft Corp	6,440	0.26%
Hewlett-Packard Co	6,396	0.26%
Starbucks Corp	6,287	0.25%
Philip Morris International	6,135	0.25%

The Group does not have any nonaffiliated, privately placed equities.

Investments held in general partnership interests are less than 2.5% of total admitted assets.

Admitted assets held in mortgage loans are less than 2.5% of the Group's total admitted assets.

Admitted assets held in one parcel or group of continuous parcels of real estate, excluding property occupied by the Group, is 1.1% of the Group's admitted assets.

The Group had no admitted assets subject to securities lending, repurchase, reverse repurchase, or dollar repurchase agreements during the year.

The Group does not have any warrants to other financial instruments, options, caps, or floors.

The Group had no potential exposure on swaps throughout 2009. At December 31, 2009 the percentage of admitted assets was 0%.

Admitted assest included in write-ins for invested assets included on the Summary Investment Schedule.

The Group does not hold any futures contracts.

The Group does not hold any investments in mezzanine real estate loans.

QBE REGIONAL INSURANCE COMPANIES
Combining Summary Investment Schedule — **Schedule 6**
December 31, 2009
(In thousands)

	Gross investment holdings		Admitted assets	
	Amount	Percentage	Amount	Percentage
Bonds:				
U.S. Treasury Securities	$ 79,560	4.14%	$ 79,560	4.15%
U.S. government agency obligations:				
Issued by U.S. government agencies	1,069	0.06%	1,069	0.06%
Issued by U.S. government-sponsored securities	12,455	0.65%	12,455	0.65%
Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
U.S. states and territories general obligations	3,698	0.19%	3,698	0.19%
Political subdivisions general obligations	6,550	0.34%	6,550	0.34%
Revenue and assessment obligations				
Mortgage-backed securities:				
Pass-through securities:				
Guaranteed by GNMA				
Issued by FNMA and FHLMC				
Other pass-through securities:				
Issued by FNMA, FHLMC, or GNMA				
Other mortgage-backed securities collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA				
All other asset-backed securities				
Other debt securities (excluding short-term):				
Unaffiliated domestic securities	549,209	28.60%	548,580	28.58%
Unaffiliated foreign securities	97,402	5.07%	97,402	5.07%
Affiliated securities				
Equity interests:				
Investments in mutual funds				
Preferred stocks:				
Unaffiliated				
Publicly traded equity securities:				
Unaffiliated	228,061	11.88%	228,061	11.88%
Other equity securities:				
Affiliated				
Unaffiliated				
Tangible personal property under leases:				
Affiliated				
Mortgage loans:				
Single family residential properties				
Real estate investments:				
Property occupied by the Company	59,738	3.11%	59,738	3.11%
Property held for production of income	27,608	1.44%	27,608	1.44%
Property held for sale				
Policy loans				
Receivables for securities	300	0.02%	300	0.02%
Interest rate swap				
Cash and short-term investments	853,574	44.45%	853,117	44.45%
Other invested assets	1,135	0.06%	1,135	0.06%
Total cash and invested assets	$ 1,920,360	100.00%	$ 1,919,274	100.00%

There are no quota share reinsurance contracts containing provisions for limiting the reinsurer's losses below the stated quota share percentage and the amount of reinsurance credit taken does not reflect the reduction of quota share coverage caused by the applicable limiting provisions.

The Group has not reinsured any risk with another entity and agreed to release the entity from liability in whole or in part, from any loss that may occur on the risk, or portion thereof.

The Group has not 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 statutory financial statements: (i) the Group recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or greater than reported calendar year written premium ceded, or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders, except as disclosed below; (ii) the Group accounted for the contract as reinsurance and not as a deposit; and (iii) the contract contained 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 affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) An unconditional or unilateral right by either party to commute the reinsurance contract 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.

The Group has not during the period covered by the combined statutory financial statements, ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common 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 affiliates represents 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements; or

(b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.

QBE REGIONAL INSURANCE COMPANIES
Schedule of Supplemental Reinsurance Disclosures
December 31, 2009
(In thousands)

Schedule 7

Except for the transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, the Group has not ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the combined statutory financial statements, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under SAP and as a deposit under GAAP; or

(b) Accounted for the contract as reinsurance under GAAP and as a deposit under SAP

The Group had year-end loss and loss expense reserves greater than 3% of prior year-end surplus as regards policyholders ceded to the following reinsurer.

Reinsurer	NAIC #	FEIN #	Year-end loss and loss expense reserves	% of prior year-end surplus as regards policyholder
Equator Reinsurance Limited	AA-1121235	NA	$ 174,961	23.5%

ANNUAL STATEMENT

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

Unigard Insurance Company

NAIC Group Code.....796, 796 (Current Period) (Prior Period) NAIC Company Code..... 25747 Employer's ID Number..... 91-6027380

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

Incorporated/Organized..... September 29, 1960 Commenced Business..... September 30, 1960

Statutory Home Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)
Mail Address	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	One General Drive..... Sun Prairie ..... WI ..... 53596 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)
Internet Web Site Address	www.unigard.com	
Statutory Statement Contact	Darnyl Byron Klatt (Name) darnyl.klatt@us.qbe.com (E-Mail Address)	608-825-5160 (Area Code) (Telephone Number) (Extension) 608-825-5053 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Peter Kurt Christen	President & CEO	2. John Roger Schanen	Treasurer
3. Jennifer Jean Vernon	Secretary	4.	

OTHER

Lindsay Arnold Chatterton, Jr. #	Senior Vice President	Thomas Mark Greenfield	Senior Vice President
Peter George Logothetis	Senior Vice President	John Michael Bondura	Regional Insurance Claims Officer
Charles Robert Valinotti	Senior Vice President	Jerry Brett Mackey	Senior Vice President
James Justin Fiore #	Chief Underwriting Officer	Norm Emil Donelson #	Chief Actuary
Kevin Donald Root #	Controller	Jennifer Jean Vernon #	General Counsel
Andrew Joseph Doll #	Senior Vice President		

DIRECTORS OR TRUSTEES

Peter Kurt Christen	John Rumpler #	Francis Michael O'Halloran #	Stephen Terrence Fitzpatrick #
Robert James Mezzasalma #	Christopher Colin Fish #	James Justin Fiore #	Alan Jeffery Levin #
Anthony Robert Przbyszewski #	Harvey J Bazaar #	Rodney Paul Farrell #	Vincent McLenaghan #

State of..... Wisconsin
County of..... Dane

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Peter Kurt Christen	John Roger Schanen	Jennifer Jean Vernon
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & CEO	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2010

a. Is this an original filing? Yes [X] No [ ]
b. If no 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	100,942,468		100,942,468	105,248,451
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	67,534,623		67,534,623	58,780,476
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)	21,951,945		21,951,945	23,272,258
4.2 Properties held for the production of income (less $ 0 encumbrances)	27,608,285		27,608,285	29,446,353
4.3 Properties held for sale (less $ 0 encumbrances)			0	
5. Cash ($ 118,376,135, Sch. E-Part 1), cash equivalents ($ 0, Sch. E-Part 2) and short-term investments ($ 127,989,008, Sch. DA)	246,365,145		246,365,145	260,641,857
6. Contract loans (including $ 0 premium notes)			0	
7. Other invested assets (Schedule BA)	454,127		454,127	499,234
8. Receivables for securities			0	33,898
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	464,856,593	0	464,856,593	467,922,527
11. Title plants less $ 0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	1,667,927		1,667,927	3,179,853
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	17,723,048	2,181,351	15,541,695	13,263,714
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	67,045,300	37,764	67,007,537	54,601,403
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	12,313,566		12,313,566	8,159,259
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset	31,527,963	11,041,931	20,486,032	10,350,646
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	137,513	34,470	103,043	172,769
19. Furniture and equipment, including health care delivery assets ($ 0)	1,803,468	1,803,468	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	18,080,260		18,080,260	
22. Health care ($ 0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	6,830,395	4,637,261	2,193,134	2,728,242
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	621,986,021	19,736,245	602,249,777	560,378,413
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	621,986,021	19,736,245	602,249,777	560,378,413

DETAILS OF WRITE-INS

0901. Interest rate swap hedge			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid pension asset	3,182,887	3,182,887	0	
2302. Prepaid expenses	547,480	547,480	0	
2303. Non-qualified deferred compensation plan	1,507,481		1,507,481	1,523,494
2398. Summary of remaining write-ins for Line 23 from overflow page	1,592,547	906,894	685,653	1,204,748
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	6,830,395	4,637,261	2,193,134	2,728,242

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	212,014,813	188,743,535
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,535,050	
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	45,936,190	41,222,324
4.	Commissions payable, contingent commissions and other similar charges	8,890,088	6,929,539
5.	Other expenses (excluding taxes, licenses and fees)	8,747,390	7,796,163
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	714,477	789,803
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))	687,775	2,005,783
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 $.....105,100,781 and including warranty reserves of $.....0)	111,397,903	97,691,299
10.	Advance premium	999,839	667,406
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	8,142,828	3,823,982
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	771,000	324,012
14.	Amounts withheld or retained by company for account of others	2,110,025	1,836,479
15.	Remittances and items not allocated	4,613	20,834
16.	Provision for reinsurance (Schedule F, Part 7)	474,800	1,035,800
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	28,980	230,027
19.	Payable to parent, subsidiaries and affiliates		15,974,336
20.	Payable for securities		
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $.....0 and interest thereon $.....0		
23.	Aggregate write-ins for liabilities	11,512,764	8,515,514
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	413,868,537	347,606,836
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	413,868,537	347,606,836
27.	Aggregate write-ins for special surplus funds	4,626,026	0
28.	Common capital stock	3,000,000	3,000,000
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds	0	0
31.	Surplus notes		
32.	Gross paid in and contributed surplus	119,053,571	119,053,571
33.	Unassigned funds (surplus)	61,701,843	90,718,006
34.	Less treasury stock, at cost:		
	34.1 .....0,000 shares common (value included in Line 28 $.....0)		
	34.2 .....0,000 shares preferred (value included in Line 29 $.....0)		
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	188,381,240	212,771,577
36.	TOTALS (Page 2, Line 26, Col. 3)	602,249,777	560,378,413

DETAILS OF WRITE-INS

2301.	2009 Private Passenger Escrow	376,637	
2302.	Qualified pension - additional liability	9,177,936	6,979,701
2303.	Reserve for potential losses on uncollectible reinsurance balances	393,500	437,500
2398.	Summary of remaining write-ins for Line 23 from overflow page	1,564,691	1,098,313
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	11,512,764	8,515,514
2701.	Additional admitted deferred tax assets	4,626,026	
2702.			
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page	0	0
2799.	Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	4,626,026	0
3001.			
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	245,163,128	210,038,472
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 35, Column 7)	135,741,773	86,172,554
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	23,772,340	23,745,425
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	85,889,089	61,902,401
5.	Aggregate write-ins for underwriting deductions	376,637	0
6.	Total underwriting deductions (Lines 2 through 5)	245,779,839	171,820,380
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(616,711)	38,216,092
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net investment income, Line 17)	12,551,367	28,158,245
10.	Net realized capital gains (losses) less capital gains tax of $ (240,118) (Exhibit of Capital Gains (Losses))	(8,131,297)	(9,188,731)
11.	Net investment gain (loss) (Lines 9 + 10)	4,420,070	18,969,514
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ 0 amount charged off $ 345,463)	(345,463)	(348,408)
13.	Finance and service charges not included in premiums	1,452,765	1,068,204
14.	Aggregate write-ins for miscellaneous income	(276,347)	438,640
15.	Total other income (Lines 12 through 14)	830,955	1,158,436
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	4,634,314	58,344,042
17.	Dividends to policyholders	4,220,253	3,475,167
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)	414,061	54,868,875
19.	Federal and foreign income taxes incurred	6,626,522	11,450,847
20.	Net income (Line 18 minus Line 19) (to Line 22)	(6,212,461)	43,418,028
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	212,771,577	228,404,546
22.	Net income (from Line 20)	(6,212,461)	43,418,028
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 5,060,866	8,454,706	(13,451,029)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	6,817,881	(8,439,815)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3)	9,580,062	170,923
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	561,000	(556,000)
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(42,000,000)	(41,000,000)
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	(1,401,524)	4,224,924
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(24,390,336)	(15,632,969)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	188,381,241	212,771,577
	DETAILS OF WRITE-INS		
0501.	2009 Private Passenger Escrow	376,637	
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)	376,637	0
1401.	Other miscellaneous income (expense)	(276,347)	435,611
1402.	Gain on sale of equipment		3,029
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)	(276,347)	438,640
3701.	Reserve for potential losses on uncollectible reinsurance balances	44,000	257,700
3702.	Additional minimum pension liability	(1,445,524)	(4,361,776)
3703.	Change in Misc Surplus		8,329,000
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)	(1,401,524)	4,224,924

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	268,371,375	188,508,243
2.	Net investment income	17,180,672	34,411,406
3.	Miscellaneous income	830,955	1,158,436
4.	Total (Lines 1 through 3)	276,383,001	224,078,085
5.	Benefit and loss related payments	95,089,752	183,434,326
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	102,487,749	110,846,676
8.	Dividends paid to policyholders	4,220,253	3,475,167
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	7,804,412	9,681,845
10.	Total (Lines 5 through 9)	209,602,165	307,438,014
11.	Net cash from operations (Line 4 minus Line 10)	66,780,836	(83,359,929)
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	122,649,346	198,455,638
	12.2 Stocks	16,690,960	25,370,484
	12.3 Mortgage loans		
	12.4 Real estate	274,993	
	12.5 Other invested assets	(4,815)	(1,584,424)
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(24,505)	198,769
	12.7 Miscellaneous proceeds	33,898	
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	139,619,877	222,440,467
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	118,821,842	170,322,500
	13.2 Stocks	19,304,962	77,645,618
	13.3 Mortgage loans		
	13.4 Real estate	800,716	718,143
	13.5 Other invested assets	66,348	(218,441)
	13.6 Miscellaneous applications		33,898
	13.7 Total investments acquired (Lines 13.1 to 13.6)	138,793,868	248,501,718
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)	826,009	(26,061,250)
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	42,000,000	41,000,000
	16.6 Other cash provided (applied)	(29,883,558)	9,027,621
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(71,883,558)	(32,972,379)
	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)	(4,276,712)	(142,393,558)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	250,641,857	393,035,416
	19.2 End of year (Line 18 plus Line 19.1)	246,365,145	250,641,857

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

20.0001		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	4,525,794	1,247,138	1,963,005	3,809,927
2.	Allied lines	4,237,869	1,010,067	1,776,729	3,471,207
3.	Farmowners multiple peril	9,317,344	713,967	3,379,883	6,651,328
4.	Homeowners multiple peril	32,720,660	13,813,294	16,627,064	29,906,890
5.	Commercial multiple peril	44,196,837	16,811,268	19,984,902	41,023,203
6.	Mortgage guaranty				0
8.	Ocean marine				0
9.	Inland marine	6,094,517	2,079,218	2,577,686	5,596,049
10.	Financial guaranty				0
11.1	Medical professional liability - occurrence				0
11.2	Medical professional liability - claims-made				0
12.	Earthquake	155,504	81,382	77,150	159,736
13.	Group accident and health				0
14.	Credit accident and health (group and individual)				0
15.	Other accident and health				0
16.	Workers' compensation	35,463,455	13,044,960	15,335,257	33,173,148
17.1	Other liability - occurrence	16,622,227	5,357,800	7,299,154	14,680,873
17.2	Other liability - claims-made	362,170		80,746	281,424
17.3	Excess workers' compensation				0
18.1	Products liability - occurrence	452,072	143,192	184,227	411,037
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability	40,847,848	10,520,932	13,587,106	37,781,472
19.3, 19.4	Commercial auto liability	31,816,002	10,986,993	13,296,696	29,506,299
21.	Auto physical damage	41,593,260	11,776,927	15,061,275	38,308,812
22.	Aircraft (all perils)				0
23.	Fidelity	261,670	78,397	100,780	229,287
24.	Surety	41,277		10,844	30,433
26.	Burglary and theft	171,427	25,874	55,299	142,002
27.	Boiler and machinery				0
28.	Credit				0
29.	International				0
30.	Warranty				0
31.	Reinsurance - nonproportional assumed property				0
32.	Reinsurance - nonproportional assumed liability				0
33.	Reinsurance - nonproportional assumed financial lines				0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	268,869,732	87,691,299	111,397,903	245,163,128

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	1,962,786	219			1,963,005
2.	Allied lines	1,776,506	223			1,776,729
3.	Farmowners multiple peril	3,379,983				3,379,983
4.	Homeowners multiple peril	16,627,064				16,627,064
5.	Commercial multiple peril	19,463,721	521,181			19,984,902
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	2,570,536	7,150			2,577,686
10.	Financial guaranty					0
11.1	Medical professional liability - occurrence					0
11.2	Medical professional liability - claims-made					0
12.	Earthquake	77,150				77,150
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation	15,332,702	2,555			15,335,257
17.1	Other liability - occurrence	7,287,881	11,273			7,299,154
17.2	Other liability - claims-made	80,746				80,746
17.3	Excess workers' compensation					0
18.1	Products liability - occurrence	184,197	30			184,227
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability	13,586,882	224			13,587,106
19.3, 19.4	Commercial auto liability	13,282,285	14,411			13,296,696
21.	Auto physical damage	16,053,449	7,826			16,061,275
22.	Aircraft (all perils)					0
23.	Fidelity	100,780				100,780
24.	Surety	10,844				10,844
26.	Burglary and theft	55,281	18			55,299
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance - nonproportional assumed property					0
32.	Reinsurance - nonproportional assumed liability					0
33.	Reinsurance - nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	110,832,793	565,110	0	0	111,397,903
36.	Accrued retrospective premiums based on experience					0
37.	Earned but unbilled premiums					0
38.	Balance (sum of Lines 35 through 37)					111,397,903

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire	9,709,474	4,525,795	2,580	8,734,822	977,433	4,525,794
2.	Allied lines	6,972,857	4,237,869	436	6,853,976	1,119,318	4,237,869
3.	Farmowners multiple peril	10,482,915	9,317,344		9,709,117	772,898	9,317,344
4.	Homeowners multiple peril	19,794,250	32,720,660		14,714,486	5,079,764	32,720,660
5.	Commercial multiple peril	64,278,340	44,196,837		59,339,953	4,938,387	44,196,837
6.	Mortgage guaranty						0
8.	Ocean marine						0
9.	Inland marine	2,929,528	6,094,517		2,539,113	390,415	6,094,517
10.	Financial guaranty						0
11.1	Medical professional liability - occurrence						0
11.2	Medical professional liability - claims-made						0
12.	Earthquake	549,447	155,504		475,559	73,888	155,504
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation	2	35,463,455		2		35,463,455
17.1	Other liability - occurrence	19,804,985	16,622,227		16,984,351	2,820,634	16,622,227
17.2	Other liability - claims-made		362,170				362,170
17.3	Excess workers' compensation						0
18.1	Products liability - occurrence	394,869	452,072		381,528	13,341	452,072
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability	38,306,112	40,847,646		38,231,260	74,852	40,847,646
19.3, 19.4	Commercial auto liability	39,843,028	31,816,002	97,915	39,819,722	121,221	31,816,002
21.	Auto physical damage	34,794,679	41,593,260		34,696,135	98,544	41,593,260
22.	Aircraft (all perils)						0
23.	Fidelity	20,928	251,670		20,134	794	251,670
24.	Surety		41,277				41,277
26.	Burglary and theft	9,085	171,427		9,085		171,427
27.	Boiler and machinery						0
28.	Credit						0
29.	International						0
30.	Warranty						0
31.	Reinsurance - nonproportional assumed property	XXX					0
32.	Reinsurance - nonproportional assumed liability	XXX					0
33.	Reinsurance - nonproportional assumed financial lines	XXX					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	247,889,579	268,869,732	100,931	231,509,022	16,481,488	268,869,732

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	2,904,923	1,264,671	2,904,923	1,264,671	402,676	401,562	1,345,585	35.3
2.	Allied lines	3,725,510	2,158,666	3,725,510	2,158,666	640,039	161,376	2,637,529	76.0
3.	Homeowners multiple peril	6,387,911	2,828,405	6,387,162	2,829,234	2,695,254	829,661	4,694,827	70.6
4.	Homeowners multiple peril	9,202,763	18,211,219	9,199,641	18,214,341	8,312,274	7,430,097	19,096,518	63.9
5.	Commercial multiple peril	30,137,445	18,640,756	30,931,256	17,846,945	40,873,447	36,958,944	21,761,448	53.0
6.	Mortgage guaranty				0			0	
8.	Ocean marine				0	17		17	
9.	Inland marine	570,225	1,775,523	570,225	1,775,523	393,041	405,868	1,762,698	31.5
10.	Financial guaranty				0			0	
11.1	Medical professional liability - occurrence				0			0	
11.2	Medical professional liability - claims-made				0			0	
12.	Earthquake		(1,074)		(1,074)	6,430	5,371	(16)	(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	420,939	4,696,836	1,018,572	3,999,203	65,151,342	44,469,797	24,680,748	74.4
17.1	Other liability - occurrence	9,431,361	(147,331)	9,646,841	(362,811)	24,892,407	19,086,306	6,443,290	37.1
17.2	Other liability - claims-made		(126,263)		(126,263)	227,926		101,663	35.1
17.3	Excess workers' compensation				0			0	
18.1	Products liability - occurrence	6,915	237,312	125,346	118,881	346,472	799,612	167,741	40.8
18.2	Products liability - claims-made				0			0	
19.1, 19.2	Private passenger auto liability	21,795,268	15,386,906	21,610,151	15,362,023	30,627,439	26,325,630	19,663,832	62.0
19.3, 19.4	Commercial auto liability	20,227,768	8,569,748	20,456,396	8,341,118	35,968,393	30,936,554	13,370,962	45.3
21.	Auto physical damage	17,792,136	20,927,683	17,790,682	20,929,037	781,629	848,304	20,862,362	54.5
22.	Aircraft (all perils)				0			0	
23.	Fidelity		92,783	(22)	92,805	84,935	64,673	113,067	48.3
24.	Surety		(5,740)		(5,740)	6,953	210	3	0.0
26.	Burglary and theft		33,836		33,836	23,234	17,572	39,498	27.8
27.	Boiler and machinery				0			0	
28.	Credit				0			0	
29.	International				0			0	
30.	Warranty				0			0	
31.	Reinsurance - nonproportional assumed property	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	
35.	TOTALS	122,593,162	94,444,018	124,566,683	92,470,495	212,014,813	168,743,535	135,741,773	55.4

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Line of Business	Reported Losses				Incurred But Not Reported			8	9
		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	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire	330,422	116,695	328,624	118,493	951,166	366,695	851,745	482,575	108,157
2.	Allied lines	555,356	375,406	559,229	372,528	786,048	231,992	810,464	640,039	125,421
3.	Farmowners multiple peril	3,019,050	2,587,555	3,019,050	2,587,555	1,172,252	1,114,495	1,685,019	2,699,254	462,055
4.	Homeowners multiple peril	4,046,871	7,599,998	4,046,871	7,599,998	2,705,218	712,540	2,708,974	8,912,274	2,126,172
5.	Commercial multiple peril	32,033,398	33,697,818	32,867,552	32,863,664	15,525,285	19,135,490	29,680,763	40,873,447	16,267,214
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0	71	17	71	17	6
9.	Inland marine	114,010	342,589	114,010	342,589	313,275	50,172	311,275	393,541	176,444
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	46,584	6,490	46,584	6,490	761
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	6,759,114	66,251,613	13,550,547	51,170,180	86	4,460,796	478,705	55,151,342	7,235,709
17.1	Other liability - occurrence	10,289,711	10,553,102	10,685,539	10,153,274	19,250,976	22,987,952	29,099,854	24,892,497	4,111,549
17.2	Other liability - claims-made		184,474		184,474		109,452		227,926	89,036
17.3	Excess workers' compensation				0				0	
18.1	Products liability - occurrence	42,526	905,475	476,674	471,109	771,967	725,089	1,119,899	848,472	196,506
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability	19,315,936	29,840,342	19,541,009	29,615,269	8,583,356	614,851	9,555,716	30,627,699	6,225,157
19.3, 19.4	Commercial auto liability	24,902,199	29,637,377	25,139,015	29,400,561	12,917,349	8,696,322	12,449,737	38,568,535	7,454,551
21.	Auto physical damage	499,048	1,108,080	499,048	1,108,080	1,136,535	(326,451)	1,136,535	781,629	1,930,710
22.	Aircraft (all perils)				0				0	
23.	Fidelity		74,347		74,347	28,586	31,377	43,377	54,955	8,218
24.	Surety				0		5,826	873	4,953	1,012
25.	Burglary and theft		4,776		4,776	28,531	50,093	55,190	23,234	2,537
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0	XXX			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	102,658,474	182,669,805	109,833,355	175,844,927	67,225,411	57,217,944	85,073,539	212,814,313	45,338,190

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	6,986,396			6,986,396
	1.2 Reinsurance assumed	2,607,675			2,607,675
	1.3 Reinsurance ceded	7,751,359			7,751,359
	1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,842,712	0	0	1,842,712
2.	Commission and brokerage:				
	2.1 Direct, excluding contingent		33,182,318		33,182,318
	2.2 Reinsurance assumed, excluding contingent		24,683,174		24,683,174
	2.3 Reinsurance ceded, excluding contingent		33,206,753		33,206,753
	2.4 Contingent - direct		7,173,716		7,173,716
	2.5 Contingent - reinsurance assumed		6,128,448		6,128,448
	2.6 Contingent - reinsurance ceded		7,173,716		7,173,716
	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	30,787,187	0	30,787,187
3.	Allowances to manager and agents	9,431	215,250	169	224,850
4.	Advertising	10,036	429,321	14	439,371
5.	Boards, bureaus and associations	137,336	1,080,668	149	1,218,153
6.	Surveys and underwriting reports	16	2,029,406		2,029,422
7.	Audit of assureds' records	1,081	86,628		87,709
8.	Salary and related items:				
	8.1 Salaries	12,403,306	22,741,826	58,979	35,204,111
	8.2 Payroll taxes	703,283	1,861,559		2,564,842
9.	Employee relations and welfare	2,738,824	7,282,682	22,174	10,043,680
10.	Insurance	135,945	346,906		482,851
11.	Directors' fees				0
12.	Travel and travel items	636,856	1,369,539	3,201	2,009,596
13.	Rent and rent items	1,724,580	2,458,287	1,790	4,184,657
14.	Equipment	225,217	519,499	260	744,976
15.	Cost or depreciation of EDP equipment and software	1,785,588	4,329,279	377	6,115,244
16.	Printing and stationery	184,267	405,991	1,231	590,689
17.	Postage, telephone and telegraph, exchange and express	679,837	1,554,514	16,996	2,251,347
18.	Legal and auditing	73,559	237,337	3,513	314,409
19.	Totals (Lines 3 to 18)	21,449,161	46,947,791	108,853	68,505,805
20.	Taxes, licenses and fees:				
	20.1 State and local insurance taxes deducting guaranty association credits of $ (77,955)	3	4,778,407		4,778,410
	20.2 Insurance department licenses and fees	5,358	461,646		468,004
	20.3 Gross guaranty association assessments		211,777		211,777
	20.4 All other (excluding federal and foreign income and real estate)	459	95,637		96,096
	20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	5,820	5,547,467	0	5,554,287
21.	Real estate expenses			1,611,445	1,611,445
22.	Real estate taxes			515,741	515,741
23.	Reimbursements by uninsured plans				0
24.	Aggregate write-ins for miscellaneous expenses	473,647	2,608,644	819,125	3,899,416
25.	Total expenses incurred	23,772,340	85,889,089	3,955,164	(a) 112,716,593
26.	Less unpaid expenses - current year	45,936,190	17,580,664		63,516,854
27.	Add unpaid expenses - prior year	41,222,323	15,515,505		56,737,828
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)	19,058,473	83,823,930	3,955,164	105,937,567

DETAILS OF WRITE-INS

2401.	Outside Services	411,069	994,991	819,079	2,225,139
2402.	Contributions	17,019	44,928	(34)	61,913
2403.	Miscellaneous (Income)/ Expense	45,559	1,568,725	80	1,612,364
2498.	Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499.	Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	473,647	2,608,644	819,125	3,899,416

(a) Includes management fees of $ 554,740 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) 1,036,098	1,078,263
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 1,387,608	1,026,289
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	752,326	740,803
2.21	Common stocks of affiliates	2,500,000	2,500,000
3.	Mortgage loans	(c)	
4.	Real estate	(d) 8,300,699	8,300,699
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 6,412,713	5,236,339
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	208,244	208,244
10.	Total gross investment income	20,597,687	19,090,636
11.	Investment expenses		(g) 3,055,164
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 3,484,105
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		6,539,269
17.	Net investment income (Line 10 minus Line 16)		12,551,367

DETAILS OF WRITE-INS

0901.	Securities Litigation Settlement	208,244	208,244
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	208,244	208,244
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 $ ....525,013 accrual of discount less $.....158,287 amortization of premium and less $.....70,674 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 $ ....1,929,262 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $ ....226,060 accrual of discount less $.....0 amortization of premium and less $.....1,174,693 paid for accrued interest on purchases.
(f) Includes $ .....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $ ....3,055,164 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 $ ....3,484,105 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	70,373		70,373		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	(915,587)		(915,587)		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	(3,965,014)	(3,465,518)	(7,430,532)	14,504,721	
2.21	Common stocks of affiliates			0	(934,044)	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(24,505)		(24,505)		
7.	Derivative instruments			0		
8.	Other invested assets	(71,163)		(71,163)	(45,107)	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(4,905,896)	(3,465,518)	(8,371,414)	13,525,570	0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	2,181,351	1,704,957	(476,394)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	37,764	48,636	10,872
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset	11,041,931	18,841,943	7,800,012
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software	34,470	103,410	68,940
19. Furniture and equipment, including health care delivery assets	1,803,468	2,340,805	537,337
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	4,637,261	6,276,556	1,639,295
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	19,736,245	29,316,307	9,580,062
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	19,736,245	29,316,307	9,580,062

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301. Prepaid pension asset	3,182,887	4,487,341	1,304,454
2302. Intangible pension asset		25,851	25,851
2303. Prepaid expenses	647,480	1,137,416	589,936
2398. Summary of remaining write-ins for Line 23 from overflow page	806,894	626,148	(280,746)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	4,637,261	6,276,556	1,639,295

Note #	Description
1	Summary of Significant Accounting Policies
2	Accounting Changes and Corrections of Errors
3	Business Combinations and Goodwill
4	Discontinued Operations
5	Investments
6	Joint Ventures, Partnerships and Limited Liability Companies
7	Investment Income
8	Derivative Instruments
9	Income Taxes
10	Information Concerning Parent, Subsidiaries and Affiliates and Related Parties
11	Debt
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
14	Contingencies
15	Leases
16	Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
17	Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities
18	Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
20	Other Items
21	Events Subsequent
22	Reinsurance
23	Retrospectively Rated Contracts & Contracts Subject to Redetermination
24	Change in Incurred Losses and Loss Adjustment Expenses
25	Intercompany Pooling Arrangements
26	Structured Settlements
27	Health Care Receivables
28	Participating Policies
29	Premium Deficiency Reserves
30	High Deductibles
31	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
32	Asbestos/Environmental Reserves
33	Subscriber Savings Accounts
34	Multiple Peril Crop Insurance
35	Financial Guaranty Insurance

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Unigard Insurance Company (Company) are presented on the basis of accounting practices prescribed or permitted by the State of Washington Office of the Insurance Commissioner.

The state of Washington requires insurance companies domiciled therein to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the state of Washington.

At December31, 2009, there are no differences between Washington prescribed practices and NAIC statutory accounting practice that cause differences for the Company.

B. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums written are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of in-force premiums written. Such reserves are computed by a pro rata method for direct and ceded business.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

Short-term investments are reported at amortized cost and include investments with maturities over 90 days and less than one year at the date of acquisition.

Bonds are stated at values prescribed by the NAIC and are generally reported at amortized cost. Discount or premium on bonds is amortized using the effective interest method.

Unaffiliated common stocks are reported at market values as determined by the Securities Valuation Office (SVO) of the NAIC or Interactive Data Corporation and the related net unrealized gains and losses are reported in unassigned surplus.

The Company has no preferred stock investments.

The Company does not have any mortgage loans.

The Company does not have any loan-backed securities.

Affiliated common stocks are reported at the affiliated company's statutory equity value, with the change in equity reflected as a direct credit or charge to unassigned surplus.

The Company has a minor ownership interest in limited partnerships. The Company carries these interests based on the underlying audited GAAP equity of the investee.

The Company has no investment in derivatives.

The Company anticipates investment income as a factor in the premium deficiency calculation.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. 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 is continually reviewed and any adjustments are reflected in the period determined.

The Company has exposure to environmental and asbestos claims and tries to estimate the full impact of these exposures by establishing full case basis (loss and LAE) on all known losses. IBNR reserves are established by booking estimates derived from an independent actuarial review of the Company's asbestos/environmental experience and exposure.

The Company has not modified its capitalization policy from the prior period.

The Company does not have estimates associated with pharmaceutical rebates in its financial statements.

2. **Accounting Changes and Corrections of Errors**

   A. Accounting Changes and Corrections of Errors

      Not applicable.

3. **Business Combinations and Goodwill**

   Not applicable.

4. **Discontinued Operations**

   Not applicable.

5. **Investments**

   A. Mortgage Loans, including Mezzanine Real Estate Loans

      Not applicable.

   B. Debt Restructuring

      Not applicable.

   C. Reverse Mortgages

      Not applicable.

   D. Loan-Backed Securities

      Not applicable.

   E. Repurchase Agreements

      Not applicable.

   F. Real Estate

      Not applicable.

   G. Low Income Housing Tax Credits

      Not applicable.

6. **Joint Ventures, Partnerships and Limited Liability Companies**

   A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

   B. The Company did not recognize any impairment write down for its investment in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. **Investment Income**

   A. Accrued investment income

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

   B. Amounts nonadmitted

      Not applicable.

8. Derivative Instruments

Not applicable.

9. Income Taxes

A. The components of the net deferred tax asset recognized are as follows:

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
(1) Total of gross deferred tax assets	$ 28,565,587	$ 3,969,498	$ 32,535,085	$ 29,295,965
(2) Total of gross deferred tax liabilities	280,401	726,721	1,007,122	103,376
(3) Net deferred tax asset	$ 28,285,186	$ 3,242,777	$ 31,527,963	$ 29,192,589
(4) Deferred tax asset nonadmitted			11,041,931	18,841,943
(5) Net admitted deferred tax asset			$ 20,486,032	$ 10,350,646
(6) Increase (decrease) in nonadmitted asset			(7,800,012)	3,112,984

(7). The Company has elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e). The current period election was not available at December 31, 2008.

(8).The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10 (e):

Ordinary	$ 4,626,026
Capital	-
Total increase in admitted adjusted gross DTA	$ 4,626,026

(9). The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii, 10c.:

	December 31, 2009		
	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	-
Lesser of:			
Expected to be recognized within one year (10bi.)	$ 15,860,006	-	15,860,006
10% of adjusted capital and surplus (10bii.)			18,423,639
Adjusted gross DTAs offset against existing DTLs (10c)	$ 280,401	726,721	1,007,122
Risk based capital level used in paragraph 10.d:			
Total adjusted capital			188,381,240
Authorized control level			28,326,857

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii(a)., 10eii(b)., 10eiii.:

	December 31, 2009		
	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	-
Lesser of:			
Expected to be recognized within three years (10.e.i.)	$ 20,486,031	-	20,486,031
15% of adjusted capital and surplus (10.e.ii.)			27,635,458
Adjusted gross DTAs offset against existing DTLs (10.eiii)	$ 280,401	726,721	1,007,122
Risk based capital level used in paragraph 10.d:			
Total adjusted capital			183,755,214
Authorized control level			28,326,857

(10). The following amounts resulting from the calculation in paragraphs 10a., 10b., 10c.:

	December 31, 2009
Admitted DTAs	15,860,006
Admitted assets	596,276,746
Statutory surplus	183,755,214
Total adjusted capital	188,381,240

Admitted DTAs, admitted assets and statutory surplus increased by $4,626,026 resulting from the use of paragraph 10e.

B. The Company recognizes all of its deferred tax liabilities.

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

	2009	2008
Federal	$ 6,626,522	$ 11,450,847
Foreign	-	-
	6,626,522	11,450,847
Federal income tax on net capital gains	(240,118)	(337,151)
Utilization of capital loss carryforwards	-	-
Utilization of operating loss carryforwards	-	-
Federal and foreign income taxes incurred	$ 6,386,404	$ 11,113,696

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

	12/31/2009	12/31/2008	Change
Deferred tax assets			
Loss reserves	$ 9,158,676	$ 7,994,584	$ 1,164,092
Unearned premium reserve	7,867,860	6,185,125	1,682,735
Employee benefit plans	5,210,693	3,897,932	1,312,761
Fixed assets	4,721,144	4,321,716	399,428
Other assets nonadmitted	509,031	617,247	(108,216)
Stocks, bonds & other investments	-	4,045,024	(4,045,024)
Premiums receivable	776,690	587,147	189,543
Net capital loss carryover	3,969,498	1,490,280	2,479,218
Other	321,493	156,910	164,583
Total deferred tax assets	32,535,085	29,295,965	3,239,120
Nonadmitted deferred tax assets	11,041,931	18,841,943	(7,800,012)
Admitted deferred tax assets	21,493,154	10,454,022	11,039,132
Deferred tax liabilities			
Stocks, bonds & other investments	986,837	79,058	907,779
Accrued dividends	20,285	24,318	(4,033)
Total deferred tax liabilities	1,007,122	103,376	903,746
Net admitted deferred tax asset	$ 20,486,032	$ 10,350,646	$ 10,135,386

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the change in nonadmitted assets is reported separately from the change in net deferred income taxes in the surplus section of the Annual Statement):

	12/31/2009	12/31/2008	Change
Total deferred tax assets	$ 32,535,085	$29,295,965	$ 3,239,120
Total deferred tax liabilities	1,007,122	103,376	903,746
Net deferred tax asset (liability)	$ 31,527,963	$29,192,589	$ 2,335,374
Tax effect of unrealized gains (losses)			4,282,507
Change in net deferred income tax			$ 6,617,881

(3) The Company did not utilize any investment tax credits in the current or proceeding year.

(4) The Company did not utilize any operating loss carryforwards in the current year or proceeding year.

(5) There were no adjustments to deferred tax assets or liabilities from enacted changes in tax status, rates or laws in the current or proceeding year.

(6) There were no adjustment to deferred tax assets due to change in circumstances about the realize ability of these assets.

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing differences are as follows:

	Amount	Tax Effect	Rate
Pre tax income	$ 173,942	$ 60,880	35%
Dividends received deduction (net of proration)	(2,947,632)	(1,031,671)	-593%
Noncollateralized indemnification offset	-	-	0%
Other permanent differences	368,221	128,877	74%
Non-admitted premiums receivable	(541,552)	(189,543)	-109%
Other assets non-admitted	2,245,571	785,949	452%
Correction of 2008 deferred tax	76,425	26,749	15%
2008 provision to return deferred tax change	2,369,009	829,153	477%
2008 current tax settlement	(2,405,344)	(841,870)	-484%
Prior year foreign tax refunds	-	-	0%
Other	-	-	0%
Total	$ (661,360)	$ (231,476)	-133%
Federal and foreign income taxes incurred	18,246,870	6,386,405	3672%
Change in net deferred income taxes	(18,908,230)	(6,617,881)	-3805%
Total statutory income taxes	$ (661,360)	$ (231,476)	-133%

(1) At December 31, 2009, the Company had $11,341,423 of net operating or capital loss carryforwards, which would expire in 2013 and 2014, available to offset future net capital gains.

(2) The Company did not incur federal income taxes in the current year or any preceding year that would be available for recoupment in the event of future net losses.

(3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code was $0 as of December 31, 2009

E. (1) The Company's federal income tax information is included in the consolidated federal income tax return of QBE Investments N.A., Inc. The companies included in the filing of the consolidated federal income tax return are as follows:

QBE Investments (North America), Inc.
QBE Holdings, Inc.
QBE Management, Inc.
QBE Reinsurance Corporation
QBE Insurance Corporation
QBE Specialty Insurance Company
National Farmers Union Property and Casualty Company
United Security Insurance Company
QBE Regional Companies (N.A.), Inc.
General Casualty Company of Wisconsin
General Casualty Insurance Company
Regent Insurance Company
Hoosier Insurance Company
Blue Ridge Insurance Company
Blue Ridge Indemnity Company
Southern Guaranty Insurance Company
Southern Pilot Insurance Company
Southern Fire & Casualty Company
Unigard Insurance Company
Unigard Indemnity Company
Praetorian Financial Group, Inc.
Praetorian Insurance Company
Burnett Holdings, Inc.
Burnett & Company, Inc.
Burnett Insurance Management Services, Inc.
BCO Insurance Agency of Texas, Inc.
BCO Surplus Lines, Inc.-Texas
Stahl Intermediaries, Inc.
Redland Insurance Company
North Pointe Financial Services, Inc
North Pointe Casualty Insurance Company
North Pointe Insurance Company
Capital City Holding Company
Davis Garvin Agency, Inc.
Capital City Insurance Company, Inc.
QBE U.S. Agencies, Inc.
Deep South Surplus, Inc.
Deep South of California, Inc.
Southern National Risk Management, Inc.
S.I.U., LLC
Community Association Underwriters of America Inc.
ZC Sterling Corporation, Inc.
ZC Sterling Insurance Agency, Inc.
ZC Real Estate Tax Solutions Limited
Affinity Insurance Services, Inc.
SLG Benefits and Insurance, LLC
Westwood Insurance Agency
QBE Americas, Inc.

(2) Effective January 1, 2008, QBE Regional and Subsidiaries entered into a tax sharing agreement with QBE Investments (North America) Inc. which replaced and made null all previous tax sharing agreements. Pursuant to this agreement, the group allocates tax among its members specifically on the basis of the tax allocation method provided in Section 1552(a)(2) of the Internal Revenue Code. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

A, B & C.

The Company is a wholly owned subsidiary of QBE Regional Companies (N.A.), Inc., a non-insurance holding company domiciled in Delaware, which is ultimately a wholly owned subsidiary of the QBE Insurance Group Limited, a publicly traded company incorporated under the laws of Australia.

On May 26, 2009, September 30, 2009, and December 28, 2009, the Company paid dividends of $12,000,000, $10,000,000 and $20,000,000 for a total of $42,000,000 to QBE Regional Companies (N.A.) Inc.

D. At December 31, 2009, the Company reported the following receivables (payables) from subsidiaries and affiliates:

Company	Amount Due From/(To)	
	2009	2008
General Casualty Company of WI	$ 20,249,362	$ (14,744,773)
National Farmers Union Prop and Cas Co	7,823	-
North Pointe Financial Services	59,165	-
Praetorian Insurance Company	30,724	-
QBE Insurance Corp	75,979	(64,858)
QBE Reinsurance Corp	(30,055)	-
QBE Specialty Ins Corp	9,190	-
Southern Guaranty Insurance Co	(287)	(27,323)
Unigard Indemnity Company	(2,321,641)	(1,137,381)

These arrangements require that intercompany balances be settled within 45 days of each quarter.

E. The Company has made no guarantees or undertakings for the benefit of an affiliate.

F. The Company has a servicing agreement with Minster Court Asset Management Pty Limited to manage its investment portfolio after the sale to QBE. The Company incurred fees of $565,000 and $581,000 in 2009 and 2008, respectively, for this service.

The Company's employees participate in the consolidated employee benefit plans sponsored by QBE Regional Companies (N.A.), Inc. As a result, the Company has entered into an employee benefit plan cost allocation agreement to share expenses and related plan assets and liabilities on an equitable basis.

The Company requires certain management and administrative services to operate and manage its insurance operations and has entered into an inter-company management, facilities and services agreement with General Casualty Company of Wisconsin. Fees and expenses for such services are allocated based upon a reasonable and agreed upon methodology.

Additional significant inter-company agreements include inter-company pooling agreement and tax allocation agreement. Refer to Notes 25 and 9, respectively, for details surrounding these contracts.

G. All outstanding shares of the Company are owned by the parent company, QBE Regional Companies (N.A.), Inc., an insurance holding company domiciled in the State of Delaware.

H. The Company and its subsidiaries do not own shares of stock of their ultimate parent, QBE.

I. The Company does not own an interest in any affiliate, whose value is equal to or exceeds 10% of the admitted assets of the Company.

J. The Company did not recognize any impairment write down for its investments in subsidiaries during the statement period.

K. The Company does not have an investment in a foreign insurance subsidiary.

L. The Company does not have any downstream holding companies.

11. Debt

A. Debt

Not applicable.

B. Federal Home Loan Bank Agreements

Not applicable.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

In 2008, the Company participated in a non contributory defined benefit pension plan which covered the employees of QBE Regional Companies (N.A.) Inc. and its affiliates. Effective January 1, 2009, this plan was merged with the defined benefit plans of other United States based affiliates. As of December 31, 2009, the Company accrued its participation in the plan in accordance with actuarially determined amounts based on the plan design of the new plan.

The Company also participates in a pension restoration plan to provide pension benefits to a select group of highly compensated employees whose pension benefits would otherwise be limited by the qualified plan limits contained in Section 401(a)(17), the considered compensation limit, and Section 415, maximum benefit limit. As of December 31, 2009, the Company accrued in accordance with actuarially determined amounts.

In addition to the pension plans, the Company participated in a defined benefit health care plan that provided postretirement medical benefits to certain full-time employees who elected an early retirement option. Benefits were provided until the retirees attain age 65. At December 31, 2008, this plan was frozen, not allowing new participants to enter. The plan was terminated effective June 30, 2009 for existing plan participants.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows as December 31, 2009 and 2008

		Pension Benefits		Other Benefits	
		2009	2008	2009	2008
(1)	Change in benefit obligation				
a.	Benefit obligation at beginning of year	$ 36,882,094	$ 39,560,430	$ 135,000	$ 1,745,308
b.	Service cost	1,094,913	1,398,664	43,022	-
c.	Interest cost	2,441,048	2,625,240		-
d.	Contribution by plan participants				
e.	Actuarial (gain) loss	2,879,432	(341,908)	(178,022)	33,329
f.	Foreign currency exchange rate changes				
g.	Benefits paid	(2,493,415)	(1,902,444)	-	(63,116)
h.	Plan amendments		(3,452,730)	-	(1,580,521)
i.	Business combinations	(142,976)			
j.	Benefit obligation at end of year	$ 40,661,096	$ 37,887,252	$ -	$ 135,000
(2)	Change in plan assets				
a.	Fair value of plan assets at beginning of year	$ 29,018,728	$ 34,766,938	$ -	$ -
b.	Actual return on plan assets	3,349,633	(3,965,513)		
c.	Foreign currency exchange rate changes				
d.	Employer contributions	1,245,461	119,748	178,022	63,116
e.	Plan participants' contributions				
f.	Benefits paid	(2,493,415)	(1,902,444)	(178,022)	(63,116)
g.	Business combinations, divestitures and settlements				
h.	Fair value of plan assets at end of year	$ 31,120,407	$ 29,018,729	$ -	$ -
(3)	Funded status				
a.	Funded status	$ (9,540,689)	$ (8,868,523)	$ -	$ (135,000)
b.	Unamortized prior service cost	(3,079,989)	(3,201,002)		-
c.	Unrecognized net (gain) loss	16,813,747	16,470,247		-
d.	Remaining net obligation or net asset at initial date of application				
e.	Prepaid assets or (accrued) Liabilities	$ 4,193,069	$ 4,400,722	$ -	$ (135,000)
f.	Intangible asset	$ -	$ 46,591	$ -	$ -
(4)	Benefit obligation for fully vested employees	$ 40,435,653	$ 38,284,953	$ -	$ 135,000
(5)	Benefit obligation for non-vested employees				
a.	Projected pension obligation	$ 1,129,423	$ 619,961	NA	NA
b.	Accumulated pension obligation	778,809	474,750	NA	NA
(6)	Components of net periodic benefit cost				
a.	Service cost	$ 1,094,913	$ 1,398,664	$ 43,022	$ -
b.	Interest cost	2,441,048	2,625,240		-
c.	Expected return on plan assets	(2,060,119)	(3,000,117)		
d.	Amortization of unrecognized transition obligation or transition asset				
e.	Amount of recognized loss	1,522,259	554,124		-
f.	Amount of prior service cost recognized	(414,308)	133,593		-
g.	Amount of gain or loss recognized due to settlement or curtailment			-	(1,580,521)
h.	Total net periodic benefit cost	$ 2,583,793	$ 1,711,504	$ 43,022	$ (1,580,521)

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. Changes in the additional minimum pension liability are included in unassigned funds (surplus), pursuant to paragraph 5 of SSAP 89. At December 31, 2009, $201,011 net of tax, arising from a decrease in the additional minimum pension liability recognized is included in unassigned surplus.

Weighted average assumptions used in pension plans as of December 31, 2009:

Used to determine benefit obligation:	
Discount rate	5.75%
Rate of compensation increase	4.00%
Expected long-term rate of return on plan assets	7.00%
Used to determine net benefit cost	
Discount rate	6.25%
Rate of compensation increase	4.00%
Expected long-term rate of return on plan assets	7.00%

(9) The measurement date used to determine benefit measurements for the defined benefit health care plan and the pension and pension restoration plans was December 31, 2009.

(10) The Company participated in a defined benefit health care plan that provided postretirement medical benefits to full-time employees who elect an early retirement option. At December 31, 2008, this plan was frozen, not allowing new participants to enter. The plan was terminated effective June 30, 2009 for existing plan participants. The plan was contributory, with retiree contributions adjusted annually.

(11) Effect of 1% change in assumed health care cost trend rates.

Not applicable as plan was terminated effective June 30, 2009.

(12) The defined benefit pension plan asset allocation as of December 31, 2009, presented as a percentage of total plan assets were as follow:

	2009	2008
Equity securities	49.0%	45.0%
Debt securities	51.0%	55.0%
Total	100.0%	100.0%

The assets of the Company's define benefit plan are invested in a diversified mix of traditional asset classes. The investment objectives are designed to (1) obtain an optimal level of return at an acceptable level of risk (2) maintain an overall level of financial asset adequacy and (3) invest funds in a manner consistent with ERISA's fiduciary standard.

Effective January 1, 2009, the Company's defined benefit plan was merged with the defined benefit plan of certain affiliates based in the United States. An asset-liability analysis of the combined defined benefit plan was completed in 2009. A goal allocation is being finalized and will be implemented in 2010.

The expected long-term rate of return on plan assets is reviewed at least annually, taking into account the asset allocation, historical, and future returns on the types of assets in the trust and the current economic environment. The Company periodically reviews asset allocations and adjusts them based on longer term outlooks. This return assumption is based on expectations for expected returns in the equity and fixed income markets over a longer term expectation horizon.

(13) The estimated future payments as of December 31, 2009:

	Pension Benefits
2010	$ 3,190,210
2011	3,299,270
2012	3,406,606
2013	3,446,731
2014	3,558,874
2015-2019	18,597,117
Total future benefit payments	$ 35,498,808

(14) The expected contributions to be paid to the plans during the next fiscal year are approximately $81,465.

(15) The Company does not include specific securities in plan assets. There were no significant transactions between the employer or related parties and the plan during the current reporting period.

(16) The Company has not chosen an alternative amortization method for prior service amounts or unrecognized net gains and losses.

(17) The Company has made no substantive commitments regarding the basis of accounting for benefit obligations.

(18) There were no costs associated with providing special or contractual termination benefits during the current reporting period.

(19) There were two significant changes in the benefit obligation of plan assets during the current reporting period.

a) At December 31, 2008, the defined benefit health care plan was frozen, not allowing new participants to enter. The plan was terminated effective June 30, 2009 for existing plan participants.

b) Effective January 1, 2009, the defined benefit pension plan was merged with plans from other United States based affiliates. As of December 31, 2009, the Company accrued its participation in the plan in accordance with actuarial determined amounts based on the plan design of the new merged plan.

B. Defined Contribution Plans

The Company participates in a Savings Incentive Plan sponsored by QBE Holdings Inc., for which substantially all employees are eligible. The plan includes an IRS qualified 401(k) plan which provides for a company matching contribution of 50% of the amount contributed or deferred annually by each participant, to a maximum matched contribution of 6% of the participant's earnings. The Company's matching contribution for the plan was $621,540 and $681,739 in 2009 and 2008, respectively.

C. Multiemployer Plans

Not applicable.

D. Consolidated/Holding Company Plans

Not applicable.

E. Postemployment Benefits and Compensated Absences

The Company records an accrual for compensated absences.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not applicable.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

(1) The Company has 30,000 shares of common stock authorized, issued and outstanding with a par value per share of $100.00.

(2) The Company has no preferred stock outstanding.

(3) The ability of the Company to declare dividends is governed by the laws of the state of Washington, the domiciliary state. The law provides that dividends in any twelve month period shall not exceed the greater of:

(a) 10% of the Company capital and surplus as of December 31st of the preceding year; or

(b) Net income from the previous year

The maximum dividend that could have been paid without prior approval in 2009 was $43,418,000.

(4) On May 26, 2009, September 30, 2009, and December 28, 2009, the Company paid dividends of $12,000,000, $10,000,000 and $20,000,000 for a total of $42,000,000 to QBE Regional Companies (N.A.) Inc.

(5) Within the limitations of (3) above, there are no restrictions placed on the Company profits that may be paid as ordinary dividends to stockholders.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is held.

(7) The Company is not a mutual.

(8) The Company holds no stock for special purposes.

(9) Changes in balances of special surplus funds from the prior year are due to the adoption of SSAP 10R.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains or (losses) is $13,588,000.

(11) The Company has not issued any surplus notes.

(12) The Company has not reorganized.

(13) The Company has not reorganized.

14. Contingencies

A. Contingent Commitments

The Company has commitments to invest funds to the CSFB Strategic Partners II LP in the future. The Company has $1,518,661 in such commitments outstanding as of December 31, 2009.

B. Assessments

The Company has accrued and charged to operations in the current period, an amount for guaranty fund assessments based upon both notification of insolvency and reasonable estimate of liability prior to notification. The period over which the assessments are expected to be paid is greater than one year. The total accrued liability at December 31, 2009 is $577,000.

C. Gain Contingencies

Not applicable.

D. Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not applicable.

E. All Other Contingencies

The Company is party to a pooling agreement which includes its subsidiary, Unigard Indemnity Company and other affiliated companies. These companies have purchased annuities due from life insurance companies to fund future payments of structured settlements. The aggregate present value of structured settlements at December 31, 2009 was $26,015,000. Due to the Company's involvement in the pooling agreement and its pooling percentage of 24%, the Company's share of these structured settlements is $6,244,000. See Note 26 for details.

In the ordinary course of business the Company is involved in certain claim or non-claim related litigation, some of which involves substantial amounts. In the opinion of management, the ultimate liability, if any will not have a material effect on the financial condition of the Company.

15. Leases

A. Lessee Operating Leases

(1) The Company's obligations under operating leases at December 31, 2009 consist principally of leased office space for branch locations, leased office equipment, and automobile leases. Rental expense for noncancelable leases aggregated is $1,295,569 and $1,208,000 for the years ended December 31, 2009 and December 31, 2008, respectively.

(2) At December 31, 2009, the minimum aggregate rental commitments are as follows:

Year ending December 31	
2010	1,283,000
2011	885,000
2012	681,000
2013	133,000
2014	40,000
2015 and later	-

Certain rental commitments have renewal options extending through the year 2014. Some of these renewals are subject to adjustments in future periods.

(3) The Company has not entered into any sale-leaseback transactions.

B. Lessor Leases

The Company is not involved in any lease which is a significant part of its business activities.

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

Refer to Note 8 for specific details regarding off-balance sheet risks associated with options, futures or swaps.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfer of Receivables reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not applicable.

C. Wash Sales

Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not applicable.

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

Not applicable.

20. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring Debtors

Not applicable.

C. Other Disclosures

Assets in the amount of $10,645,000 and $16,122,000 at December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.

On December 10, 1993, after receiving appropriate regulatory approvals, Seaton Insurance Company (Seaton) sold to Winterthur U.S. Holdings, Inc., 100% of the stock of its wholly-owned subsidiary, Unigard, Inc., and its wholly-owned subsidiaries: the Company, Unigard Indemnity Company (UID), Wincorp, Inc. and Wincorp of California. As part of the sale, Seaton transferred to the Company assets and liabilities related to Seaton's continuing operations business. In connection with the sale, existing quota share reinsurance agreements between Seaton and the Company and between Seaton and UID, were terminated effective as of July 1, 1993. As part of the sale, Seaton entered into a new quota share reinsurance agreement with the Company whereby, effective as of July 1, 1993, 100% of the reserves for losses, loss adjustment expenses, and unearned premiums relating to Seaton's continuing operations were ceded by Seaton to the Company. Additionally, 100% of all continuing operations business written subsequent to July 1, 1993, is ceded to the Company, net of collectible third party reinsurance.

D. Uncollectible Premiums Receivable

At December 31, 2009 and 2008 the Company had admitted assets of $82,549,000 and $67,865,000, respectively in accounts receivable from agents and insureds. The Company routinely assesses the collectability of these receivables, and based upon Company experience, the potential loss is not expected to exceed the non-admitted amounts totaling $2,219,000 and therefore, no additional provision for uncollectible amounts has been recorded.

E. Business Interruption Insurance Recoveries

Not applicable.

F. State Transfer Credits

Not applicable.

G. Sub prime Mortgage

The Company does not engage in sub prime residential mortgage lending. The Company does not have a direct exposure to sub prime mortgage loans or hold any structured products referencing sub prime loans. The Company may have an indirect exposure via its holdings of investment grade banks who may in turn have exposures to sub prime loans. The Company defines direct sub prime exposure to be either the loans themselves, or securities backed by pools of loans/assets that include sub prime mortgages, eg CDO's, ABS, ABCP, or MBS.

21. Events Subsequent

Effective January 1, 2010, a new affiliated company, QBE Americas, Inc. (QBEAI), began operations to provide a variety of administrative services for the Company and certain United States based affiliates. All employees of certain U.S affiliates, excluding employees based in the State of Washington and certain claim adjusters, became employees of QBEAI resulting in associated liabilities associated with employees benefit plans transferring at fair market values to QBEAI. In addition, associated electronic hardware, software, furniture and equipment used by these employees were sold to QBEAI at book value which approximated fair market value. The Company does not believe this event will have a material impact on its financial condition.

22. Reinsurance

Effective January 1, 2008, Company entered into an all lines quota share agreement to cede 25% of all new and renewal business to an affiliated company, Equator Reinsurances Limited.

A. Unsecured Reinsurance Recoverables

The Company's aggregate significant unsecured reinsurance balances due from individual authorized or unauthorized reinsurers, for paid losses and loss expense recoverable, unpaid losses, including IBNR, unpaid loss expenses and unearned premium reserves ceded were approximately:

Reinsurer	NAIC	FEIN #	Reinsurance Recoverable
General Casualty Co of WI	24414	39-0301590	$254,848,000
General Reinsurance Corp.	22039	13-2673100	$7,677,000
Hannover Ruckversicherungs AG		AA-1340125	$5,894,000
Munich Reinsurance America	10227	13-4924125	$5,835,000
Westport Insurance Corporation	39845	48-0921045	$5,769,000

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

(1)	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	$ 111,397,903	$ 12,755,723	$ 103,663,110	$ 17,533,464	$ 7,734,793	$ (4,777,741)
All Other	25,704	5,072	1,437,671	106,707	(1,411,967)	(101,635)
Total	$ 111,423,607	$ 12,760,795	$ 105,100,781	$ 17,640,171	$ 6,322,826	$ (4,879,376)

Direct unearned premium reserve was $105,075,077 as of December 31, 2009.

(2) The Company does not have any additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual reinsurance arrangements.

(3) The Company does not utilize protected cells.

D. Uncollectible Reinsurance

Reinsurance balances written off during 2009 were in the amount of $16,347. This amount is shown below by Statement of Income classification and by reinsurer.

Statement of Income Account	Amount
1. Loss incurred	$ 14,981
2. Loss adjustment expenses incurred	1,367
3. Premiums earned	-
4. Other	-
Total	$ 16,347

Reinsurer	Amount
Central National Insurance Co of Omaha	3,304
Equator Reinsurance Limited	188
Lloyds of London	11,694
Minster Insurance Company Limited	1,161
	$ 16,347

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Method Used to Estimate

The Company's affiliate sells workers compensation policies for which the premiums vary based upon loss experience of which the Company assumes a portion through the intercompany pooling arrangement (see Note 25). Future premium adjustments for these retrospective policies are estimated and accrued. The Company estimates these accrued retrospective premium adjustments through the use of premium development triangles. Past patterns of premium development on retrospectively rated policies are used to arrive at a best estimate of return or additional retrospective premium.

B. Method Used to Record

The Company records the retrospective premium accruals as earned by adjusting written premium.

C. Amount and Percent of Net Retrospective Premiums

Net premiums written for the current year on retrospective workers compensation policies are $1,390,385 or 3.3% of the total workers compensation net premium written.

D. Calculation of Nonadmitted Accrued Retrospective Premiums

The Company currently has accrued negative retrospective premiums which is disclosed as a write-in line to the liabilities.

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased by $3,000,000 from $266,000,000 in 2008 to $269,000,000 in 2009 as a result of changes in the ultimate incurred loss and loss adjustment expense Development on known Workers Compensation claims from 1999 & prior accident years was worse than expected in 2009. None of these reserve changes are derived from changes in estimates for prior year development on retrospectively rated policies.

25. Intercompany Pooling Arrangements

The Company is a participant in the Eighth Restatement Reinsurance Agreement, effective January 1, 2009 (Pooling Agreement). The Pooling Agreement includes the Company's parent, General Casualty of Wisconsin (GCW) and other affiliated companies.

GCW entered into a Stock Purchase Agreement effective October 1, 2008 to purchase NFU and USIC. Effective, January 1, 2009 these companies were added to the pooling agreement.

Participating Companies	NAIC Co Code	Pool %
a. General Casualty Company of Wisconsin (GCW)**	24414	35.0%
b. Regent Insurance Company (RGT)	24449	9.0%
c. General Casualty Insurance Company (GCI)	18821	6.0%
d. Hoosier Insurance Company (HIC)	27570	4.0%
e. Blue Ridge Insurance Company (BRIC)	24503	0.0%
f. Blue Ridge Indemnity Company (BRIN)	40754	0.0%
g. National Farmers Union Property and Casualty Company (NFU)	16217	12.0%
h. United Security Insurance Company (USIC)	21776	0.0%
i. Southern Guaranty Insurance Company (SGIC)	19178	7.0%
j. Southern Pilot Insurance Company (SPIC)	22861	0.0%
k. Southern Fire and Casualty Company (SFACC)	22888	0.0%
l. Unigard Insurance Company (UIC)	25747	24.0%
m. Unigard Indemnity Company (UID)	25798	3.0%

**Lead company

All lines and types of insurance business of the companies are subject to the pooling agreement.

GCW, UIC, NFU and USIC cede a portion of their business to various non-affiliated reinsurers on a facultative basis and a portion of their business to affiliated and non-affiliated reinsurers for excess of loss and catastrophe coverage. These placements made by GCW are subsequent to the assumption of pooled business from subsidiaries. These placements made by UIC, NFU and USIC are prior to the cession to GCW under the pooling agreement.

Amounts due from/(to) the lead entity and all affiliated entities participating in the intercompany pool

Name of Insurer	Amounts due from / (to)
Unigard Indemnity Company	($2,321,641)
General Casualty Co of Wisconsin	$20,249,362
National Farmers Union Prop and Cas Co.	$7,823
Southern Guaranty Insurance Co.	($287)

26. Structured Settlements

A. The Company's share of loss reserves eliminated by annuities was $6,244,000 as of December 31, 2009.

B. The Company's participation in the pooling arrangement discussed in Note 25 resulted in its sharing in annuities due from any one life insurer that exceeded 1% of the Company's year-end policyholders' surplus as follows.

Life Insurance Company and Location	Licensed in Washington	State Value of Annuities
Genworth Financial Genworth Life and Annuity Insurance Company 3100 Albert Lankford Drive Lynchburg, VA 24501-6158	Yes	$2,645,000
Others – No life insurer that exceeded 1% of policyholder surplus		$3,599,000

27. Health Care Receivables

Not applicable.

28. Participating Policies

Not applicable.

29. Premium Deficiency Reserves

The Company has not recorded a premium deficiency reserve and does consider investment income as a factor in the premium deficiency calculation.

30. High Deductibles

The Company writes no high deductible business.

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount the liabilities for unpaid losses or loss adjustment expenses.

32. Asbestos/Environmental Reserves

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (x) No ( )

The Company has exposure to environmental and asbestos claims. The Company's exposure arises from the sale of general liability and commercial multiple peril insurance.

The Company tries to estimate the full impact of the asbestos/environmental exposure by establishing full case basis (loss and LAE) on all known losses. IBNR reserves are established by booking estimates derived from an independent actuarial review of the Company's asbestos/environmental experience and exposure.

The Company's asbestos related losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

(1) Direct Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$ 9,788,326	$10,638,721	$ 6,287,539	$ 6,996,332	$ 8,628,055
(b) Incurred losses & LAE	405,204	120,475	4,943,042	618,400	(1,076,133)
(c) Calendar year payments for loss & LAE	649,095	970,870	591,860	1,327,192	555,590
(d) Ending Reserves	$ 9,544,435	$ 9,788,326	$10,638,721	$ 6,287,539	$ 6,996,332

(2) Assumed Reinsurance Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$ 2,427,824	$ 2,746,992	$ 2,345,832	$ 2,558,359	$ 1,360,821
(b) Incurred losses & LAE	(249,582)	(101,255)	638,567	59,486	1,489,525
(c) Calendar year payments for loss & LAE	194,997	217,913	237,406	272,013	291,987
(d) Ending Reserves	$ 1,983,246	$ 2,427,824	$ 2,746,992	$ 2,345,832	$ 2,558,359

(3) Net of Reinsurance Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$ 9,203,540	$ 9,823,056	$ 6,089,703	$ 7,040,515	$ 7,528,512
(b) Incurred losses & LAE	41,483	81,987	4,377,537	(390,280)	(481,408)
(c) Calendar year payments for loss & LAE	434,401	701,504	644,184	560,532	6,589
(d) Ending Reserves	$ 8,810,622	$ 9,203,540	$ 9,823,056	$ 6,089,703	$ 7,040,515

B. The Company holds IBNR/ bulk reserves for unreported claims.

Direct Basis	$ 6,935,490
Assumed Reinsurance Basis	1,867,560
Net of Reinsurance Basis	8,314,631

C. The Company holds case reserves for future ALAE (including coverage dispute costs)

Direct Basis	$ 701,930
Assumed Reinsurance Basis	-
Net of Reinsurance Basis	580,151

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes (x) No ( )

The Company's environmental losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

(1) Direct Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves .	$ 7,631,317	$ 7,952,016	$ 5,689,704	$ 7,605,613	$ 8,215,714
(b) Incurred losses & LAE	(288,457)	177,498	3,502,443	(754,364)	561,629
(c) Calendar year payments for loss & LAE	618,138	498,197	1,240,131	1,161,544	1,171,730
(d) Ending Reserves	$ 6,724,722	$ 7,631,317	$ 7,952,016	$ 5,689,704	$ 7,605,613

(2) Assumed Reinsurance Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$ 4,720,471	$ 3,711,000	$ 2,555,188	$ 1,795,132	$ 1,496,368
(b) Incurred losses & LAE	17,358	1,611,093	1,246,247	1,199,004	429,777
(c) Calendar year payments for loss & LAE	425,097	601,623	90,435	438,948	131,013
(d) Ending Reserves	$ 4,312,733	$ 4,720,471	$ 3,711,000	$ 2,555,188	$ 1,795,132

(3) Net of Reinsurance Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$10,453,840	$10,683,952	$ 7,267,502	$ 7,728,343	$ 7,731,473
(b) Incurred losses & LAE	1,661	865,594	4,734,840	1,150,353	1,055,786
(c) Calendar year payments for loss & LAE	1,042,890	1,095,707	1,318,390	1,611,193	1,058,916
(d) Ending Reserves	$ 9,412,610	$10,453,840	$10,683,952	$ 7,267,502	$ 7,728,343

E. The Company holds IBNR/ bulk reserves for unreported claims.

Direct Basis	$ 6,592,305
Assumed Reinsurance Basis	3,175,389
Net of Reinsurance Basis	9,004,742

F. The Company holds case reserves for future ALAE (including coverage dispute costs)

Direct Basis	$ 545,845
Assumed Reinsurance Basis	-
Net of Reinsurance Basis	545,845

33. Subscriber Savings Accounts

Not applicable.

34. Multiple Peril Crop Insurance

Not applicable.

35. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

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

1.3 State regulating? Washington

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: N/A

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

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. 12/31/2007

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/10/2009

3.4 By what department or departments? State of Washington, Office of Insurance Commissioner

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 [X] No [ ]

7.2 If yes,

7.21 State the percentage of foreign control ..... 100.000 %

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
Australian	Corporation

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?
PriceWaterhouseCoopers LLP, 100 E. Wisconsin Ave., Ste. 1800, Milwaukee, WI 53202

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Norm Donelson, Company Officer, QBE Regional Companies (N.A.), Inc., 15905 NE 24th, Bellevue, WA 98008-2409

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

11.11 Name of real estate holding company

11.12 Number of parcels involved .....

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

11.2 If yes, provide explanation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]
19.2 If yes, state the amount thereof at December 31 of the current year:
19.21 Rented from others .....
19.22 Borrowed from others .....
19.23 Leased from others .....
19.24 Other .....

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
20.2 If answer is yes:
20.21 Amount paid as losses or risk adjustment .....
20.22 Amount paid as expenses .....
20.23 Other amounts paid .....

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....0

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes [X] No [ ]
22.2 If no, give full and complete information relating thereto.

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).
The Company does not participate in a security lending program.

22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]
22.5 If answer to 22.4 is yes, report amount of collateral. .....
22.6 If answer to 22.4 is no, report amount of collateral. .....

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

23.21	Subject to repurchase agreements	$.....0
23.22	Subject to reverse repurchase agreements	$.....0
23.23	Subject to dollar repurchase agreements	$.....0
23.24	Subject to reverse dollar repurchase agreements	$.....0
23.25	Pledged as collateral	$.....0
23.26	Placed under option agreements	$.....0
23.27	Letter stock or securities restricted as to sale	$.....0
23.28	On deposit with state or other regulatory body	$.....10,645,049
23.29	Other	$.....0

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

26. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Citibank	3800 Citibank Center, Building B, 2nd Floor, Tampa, FL 33610

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Brown Brothers Harriman & Co	Citibank	08/14/2009	Services provided

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

1 Central Registration Depository Number(s)	2 Name	3 Address
	Minster Court Asset Management Pty Limited	82 Pitt Street, Sydney, Australia

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

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	228,931,467	230,378,041	1,446,574
28.2 Preferred stocks			0
28.3 Totals	228,931,467	230,378,041	1,446,574

28.4 Describe the sources or methods utilized in determining the fair values:
Fair value of bonds is determined using the NAIC SVO data if it is available, if not, an alternative source like the Interactive Data Corporation (IDC) is used

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

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

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
Our investment accounting provider Canning & Company utilizes IDC pricing service for the majority of our investments.
If the market price is not available through IDC, Bloomberg is used

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

30.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....969,324

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

1 Name	2 Amount Paid
Insurance Service Office Fees	690,108

32.1 Amount of payments for legal expenses, if any? $.....70,360

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Wiley REIN LLP	22,313

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....12,602

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

1 Name	2 Amount Paid
Pennsylvania Comp Rating Bureau	6,667

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
1.2 If yes, indicate premium earned on U.S. business only. .....
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....
1.31 Reason for excluding:

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	$ 0	$ 0
2.2 Premium Denominator	$ 245,163,126	$ 210,036,472
2.3 Premium Ratio (2.1/2.2)	0.0	0.0
2.4 Reserve Numerator	$ 0	$ 0
2.5 Reserve Denominator	$ 370,883,956	$ 297,657,158
2.6 Reserve Ratio (2.4/2.5)	0.0	0.0

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

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

5. FOR RECIPROCAL EXCHANGES ONLY:
5.1 Does the exchange appoint local agents? Yes [ ] No [ ]
5.2 If yes, is the commission paid:
5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]
5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]
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?
N/A No Workers' Compensation Exposure

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 QBE(the parent) Exposure Aggregation Management framework is extremely comprehensive as it consists of three approaches: First, we have a QBE group-wide initiative, which is endorsed by senior management. The Group Aggregate Methodology (GAM) considers the major worldwide CAT exposed zones and accumulates exposures to produce PML estimates for each zone. We also engage in CAT modeling with the extensive use of both RMS and AIR to model all of our exposed areas. In addition, our reinsurance brokers model our largest portfolios externally. We provide the indications to QBE Australia (ultimate parent) for all model perils. Lastly, we use Lloyd's realistic disaster scenarios (RDS). The objective of the RDS exercise is to estimate losses that would be incurred from a variety of hypothetical disaster scenarios, using consistent and appropriate methods and assumptions. Although this scenario testing is only mandatory for our Lloyd's business, the entire Group participates in the RDS exercise. The loss estimates resulting from the RDS exercise provide a stress test of the company's exposure to aggregating catastrophes and large individual loss events, as well as information on the sources of the anticipated reinsurance recoveries.

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?
The company participates in comprehensive catastrophe reinsurance protections.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]
6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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 [ ]

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

8.2 If yes, give full information:

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

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

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

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

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

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

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

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

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

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

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

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

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

11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $.....0

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

12.2 Of the amount on Line 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 [X] N/A [ ]

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

12.41 From .....%

12.42 To .....%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]

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

12.61 Letters of credit .....

12.62 Collateral and other funds .....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $.....600,000

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. 4

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:

Ceded premiums are allocated to the Company based on the percentage of expected losses for the Company and its' subsidiaries for each layer of each contract relative to total expected losses for these agreements.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

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

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 .....

17.12 Unfunded portion of Interrogatory 17.11 .....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 .....

17.14 Case reserves portion of Interrogatory 17.11 .....

17.15 Incurred but not reported portion of Interrogatory 17.11 .....

17.16 Unearned premium portion of Interrogatory 17.11 .....

17.17 Contingent commission portion of Interrogatory 17.11 .....

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 .....

17.19 Unfunded portion of Interrogatory 17.18 .....

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 .....

17.21 Case reserves portion of Interrogatory 17.18 .....

17.22 Incurred but not reported portion of Interrogatory 17.18 .....

17.23 Unearned premium portion of Interrogatory 17.18 .....

17.24 Contingent commission portion of Interrogatory 17.18 .....

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 2009	2 2008	3 2007	4 2006	5 2005
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	224,010,483	182,070,009	240,514,682	266,695,189	293,463,852
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	111,746,438	91,394,450	109,502,105	119,113,250	143,642,314
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	180,789,446	148,351,006	193,891,953	200,984,351	203,745,692
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	313,875	164,893	322,300	338,704	439,901
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6.	Total (Line 35)	516,860,242	421,980,358	544,231,040	576,031,494	641,291,759
	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)	125,563,571	81,858,766	136,867,915	150,400,374	155,166,832
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	56,776,372	34,365,429	51,233,411	56,703,406	56,183,859
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	86,234,842	53,071,597	96,523,608	103,261,768	82,665,485
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	292,947	147,508	298,015	315,172	404,900
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12.	Total (Line 35)	268,869,732	169,443,301	284,922,949	310,680,719	294,411,076
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	(616,711)	38,216,092	563,673	13,667,447	17,329,140
14.	Net investment gain (loss) (Line 11)	4,420,070	18,969,514	26,158,194	27,270,519	18,945,995
15.	Total other income (Line 15)	830,955	1,158,436	326,023	(293,389)	706,020
16.	Dividends to policyholders (Line 17)	4,220,253	3,475,167	3,746,644	2,785,607	2,517,055
17.	Federal and foreign income taxes incurred (Line 19)	6,626,522	11,450,847	8,546,119	16,071,044	14,315,048
18.	Net income (Line 20)	(6,212,461)	43,418,028	14,755,127	22,697,926	20,149,052
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	602,249,777	560,378,413	723,821,143	733,737,685	687,396,774
20.	Premiums and considerations (Page 2, Col. 3):					
	20.1 In course of collection (Line 13.1)	15,541,695	13,263,714	16,356,954	23,387,563	20,612,035
	20.2 Deferred and not yet due (Line 13.2)	67,007,537	54,601,403	66,020,545	73,594,630	65,942,987
	20.3 Accrued retrospective premiums (Line 13.3)					
21.	Total liabilities excluding protected cell business (Page 3, Line 24)	413,869,537	347,606,836	495,416,597	508,472,650	474,585,903
22.	Losses (Page 3, Line 1)	212,014,813	168,743,535	260,362,250	262,413,148	221,350,656
23.	Loss adjustment expenses (Page 3, Line 3)	45,936,190	41,222,324	59,989,348	57,772,439	50,128,422
24.	Unearned premiums (Page 3, Line 9)	111,397,903	87,691,299	128,284,456	139,653,567	125,720,986
25.	Capital paid up (Page 3, Lines 26 & 29)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26.	Surplus as regards policyholders (Page 3, Line 35)	188,381,240	212,771,577	228,404,546	225,265,035	212,810,871
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	66,780,836	(83,359,929)	37,124,621	26,344,321	96,684,490
	Risk-Based Capital Analysis					
28.	Total adjusted capital	188,381,240	212,771,577	228,404,546	225,265,035	212,810,871
29.	Authorized control level risk-based capital	28,326,857	26,039,071	32,532,317	31,300,085	28,974,719
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30.	Bonds (Line 1)	21.7	22.6	21.7	66.7	64.8
31.	Stocks (Lines 2.1 & 2.2)	14.5	12.6	5.1	15.9	18.0
32.	Mortgage loans on real estate (Lines 3.1 & 3.2)					
33.	Real estate (Lines 4.1, 4.2 & 4.3)	10.7	11.3	9.9	9.4	9.7
34.	Cash, cash equivalents and short-term investments (Line 5)	53.0	53.6	64.1	7.2	4.4
35.	Contract loans (Line 6)					
36.	Other invested assets (Line 7)	0.1	0.1	0.1	0.1	3.1
37.	Receivable for securities (Line 8)		0.0		0.7	0.0
38.	Aggregate write-ins for invested assets (Line 9)				0.1	0.1
39.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
40.	Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)					
41.	Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42.	Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	22,349,200	23,283,248	31,141,355	30,267,551	42,764,241
43.	Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10)					
44.	Affiliated mortgage loans on real estate					
45.	All other affiliated				517,625	17,643,463
46.	Total of above lines 40 to 45	22,349,200	23,283,248	31,141,355	30,785,176	60,407,704
47.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	11.9	10.9	13.6	13.7	28.4

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2009	2 2008	3 2007	4 2006	5 2005
	Capital and Surplus Accounts (Page 4)					
48.	Net unrealized capital gains (losses) (Line 24)	8,464,706	(13,451,029)	(1,849,875)	841,847	2,728,974
49.	Dividends to stockholders (Line 35)	(42,000,000)	(41,000,000)	(11,200,000)	(11,550,000)	(9,000,000)
50.	Change in surplus as regards policyholders for the year (Line 38)	(24,390,336)	(15,632,969)	3,139,510	12,454,165	17,584,827
	Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
51.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	80,389,457	146,374,906	130,607,555	133,469,469	(15,669,587)
52.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	51,152,099	51,331,072	57,056,682	54,122,052	51,226,618
53.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	85,408,579	106,152,011	100,178,767	86,418,682	28,132,877
54.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	87,043	126,489	89,163	100,488	143,243
55.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
56.	Total (Line 35)	217,037,178	303,984,478	287,932,167	274,110,691	63,833,151
	Net Losses Paid (Page 9, Part 2, Col. 4)					
57.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	27,332,151	92,266,115	76,514,262	80,690,354	17,238,279
58.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	26,160,769	23,083,803	28,302,639	28,808,896	29,143,586
59.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	38,890,520	62,314,830	51,458,698	46,577,095	32,550,750
60.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	87,065	126,525	89,231	74,254	214,083
61.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
62.	Total (Line 35)	92,470,495	177,791,273	156,364,830	156,150,599	79,146,698
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64.	Losses incurred (Line 2)	55.4	41.0	55.6	53.2	52.0
65.	Loss expenses incurred (Line 3)	9.7	11.3	13.4	12.4	11.7
66.	Other underwriting expenses incurred (Line 4)	35.0	29.5	30.8	30.0	30.3
67.	Net underwriting gain (loss) (Line 8)	(0.3)	18.2	0.2	4.4	6.0
	Other Percentages					
68.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.8	35.8	31.8	30.0	29.2
69.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	65.1	52.3	69.0	65.6	63.7
70.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 35, Col. 1 x 100.0)	142.7	79.6	124.7	137.9	138.3
	One Year Loss Development (000 omitted)					
71.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	4,929	(30,434)	6,792	(5,697)	(475)
72.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100)	2.3	(13.3)	3.0	(2.7)	(0.2)
	Two Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(31,717)	(21,195)	852	(5,918)	10,265
74.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(13.9)	(9.4)	0.4	(2.8)	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								
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
1. Prior	XXX	XXX	XXX	2,659	1,090	1,608	310	282	30	144	2,520	XXX
2. 2000	330,724	25,697	305,027	236,354	30,964	14,560	689	28,899	(39)	10,154	248,379	XXX
3. 2001	376,037	31,646	344,390	255,883	31,236	14,812	557	22,356	(109)	10,610	261,368	XXX
4. 2002	397,384	35,579	361,805	236,791	28,782	13,299	227	26,389	(155)	10,988	247,626	XXX
5. 2003	421,144	39,589	381,554	214,175	21,797	11,127	170	24,476	(218)	9,248	228,029	XXX
6. 2004	428,321	39,266	389,054	204,278	25,567	10,161	145	25,158	(236)	8,197	214,110	XXX
7. 2005	400,523	14,844	385,679	182,837	3,705	10,774	(151)	27,729	(284)	8,224	217,269	XXX
8. 2006	397,133	18,036	379,097	192,684	18,369	8,496	(577)	29,500	253	7,422	212,026	XXX
9. 2007	390,824	19,403	361,421	162,684	466	6,205	(728)	27,692	(287)	7,561	197,130	XXX
10. 2008	342,999	58,178	284,821	142,105	22,186	2,829	676	26,823	3,570	5,613	145,326	XXX
11. 2009	315,058	69,894	245,164	80,036	14,294	976	316	17,738	2,681	2,647	81,458	XXX
12. Totals	XXX	XXX	XXX	1,908,486	199,474	94,825	1,532	257,142	5,206	79,908	2,055,241	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior	22,132	7,455	15,798	3,316	2,037	630	5,303	2,184	688	39	46	32,324	XXX
2. 2000	4,008	2,060	(238)	(64)	361	132	110	63	172	26	30	2,206	XXX
3. 2001	5,099	2,588	233	103	372	131	242	71	291	47	74	3,286	XXX
4. 2002	5,175	2,292	171	89	472	114	247	73	357	50	90	4,805	XXX
5. 2003	6,857	1,604	277	40	630	137	332	86	435	63	134	6,693	XXX
6. 2004	8,238	1,672	661	342	844	169	455	91	565	78	280	8,400	XXX
7. 2005	13,065	1,997	1,587	641	1,490	268	750	125	1,041	125	584	14,778	XXX
8. 2006	22,653	3,790	998	663	2,536	437	1,370	215	1,698	228	913	23,822	XXX
9. 2007	33,305	4,842	2,873	591	3,798	637	2,424	193	3,032	371	1,385	38,769	XXX
10. 2008	47,238	11,836	5,904	2,186	4,325	855	3,190	615	2,416	326	1,980	47,357	XXX
11. 2009	57,771	10,651	21,309	5,298	4,297	788	4,400	980	6,689	1,188	4,153	76,582	XXX
12. Totals	226,441	50,796	49,574	13,204	21,162	4,299	18,824	4,586	17,375	2,640	9,670	257,952	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	27,149	5,175
2. 2000	284,325	33,740	250,585	86.0	131.3	82.2			24.00	1,783	423
3. 2001	299,288	34,833	264,454	79.6	109.4	76.8			24.00	2,530	656
4. 2002	283,901	31,470	252,431	71.4	88.5	69.8			24.00	3,985	839
5. 2003	258,310	23,688	234,621	61.3	59.8	61.5			24.00	5,491	1,101
6. 2004	250,339	27,828	222,510	58.4	70.9	57.2			24.00	6,884	1,516
7. 2005	238,474	6,427	232,047	59.5	43.3	60.2			24.00	12,015	2,764
8. 2006	259,226	23,378	235,848	65.3	129.6	62.2			24.00	19,098	4,724
9. 2007	242,014	6,085	235,929	63.5	31.4	65.3			24.00	30,745	8,054
10. 2008	234,830	42,148	192,683	68.5	72.4	67.7			24.00	39,122	8,235
11. 2009	193,215	36,176	157,040	61.3	51.8	64.1			24.00	63,132	12,449
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	212,015	46,936

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior	129,099	129,014	137,043	143,657	164,269	164,810	168,334	169,497	169,193	174,480	5,288	4,984
2. 2000	198,777	211,171	215,119	218,242	221,928	222,654	221,388	222,293	221,353	221,400	47	(894)
3. 2001	XXX	235,992	229,264	238,778	242,665	243,994	243,333	243,480	241,294	241,945	651	(1,535)
4. 2002	XXX	XXX	227,452	222,841	226,222	228,354	227,772	228,058	224,789	225,579	790	(2,479)
5. 2003	XXX	XXX	XXX	229,662	216,372	215,162	214,963	214,174	210,093	209,556	(537)	(4,618)
6. 2004	XXX	XXX	XXX	XXX	215,732	210,388	202,579	201,754	197,140	196,640	(500)	(5,114)
7. 2005	XXX	XXX	XXX	XXX	XXX	214,046	213,502	208,553	201,571	203,119	1,548	(5,434)
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	217,616	216,747	206,334	205,131	(1,202)	(11,616)
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	210,299	206,045	205,288	(756)	(5,011)
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	167,738	167,340	(398)	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	136,481	XXX	XXX
										12. Totals	4,929	(31,717)

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	48,582	81,484	100,439	113,778	121,905	129,134	133,342	140,538	142,805	XXX	XXX
2. 2000	108,104	160,876	182,662	197,660	206,583	211,996	215,286	217,505	219,134	219,340	XXX	XXX
3. 2001	XXX	121,877	172,528	197,464	215,132	226,558	232,316	234,476	237,636	238,903	XXX	XXX
4. 2002	XXX	XXX	110,131	159,890	183,906	201,218	210,252	215,335	219,672	221,082	XXX	XXX
5. 2003	XXX	XXX	XXX	102,851	149,440	170,251	184,857	194,529	201,812	203,335	XXX	XXX
6. 2004	XXX	XXX	XXX	XXX	94,533	139,630	161,642	175,080	186,535	188,717	XXX	XXX
7. 2005	XXX	XXX	XXX	XXX	XXX	93,412	140,469	162,257	181,141	189,258	XXX	XXX
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	92,461	140,344	170,841	182,779	XXX	XXX
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	99,507	152,334	169,151	XXX	XXX
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	87,017	122,073	XXX	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	66,401	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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	35,358	15,775	12,832	9,237	15,768	14,270	13,544	22,184	18,084	15,601
2. 2000	30,252	8,389	5,300	2,209	3,298	2,840	1,489	1,922	537	(125)
3. 2001	XXX	38,417	11,467	5,753	5,286	3,494	2,526	2,766	165	390
4. 2002	XXX	XXX	43,301	14,932	10,827	6,120	4,186	3,958	353	256
5. 2003	XXX	XXX	XXX	44,699	20,839	11,070	6,181	5,566	972	474
6. 2004	XXX	XXX	XXX	XXX	50,034	23,624	10,103	7,615	1,757	683
7. 2005	XXX	XXX	XXX	XXX	XXX	44,041	20,587	13,965	3,034	1,572
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	35,779	21,083	5,022	1,490
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,871	8,872	4,513
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,548	6,394
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,451

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken: 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama AL	N								
2. Alaska AK	L	138,962	130,097		16,330	22,095	23,652	571	
3. Arizona AZ	L	5,844,108	5,707,182		5,693,246	5,179,202	5,733,348	24,130	
4. Arkansas AR	N								
5. California CA	L	96,215,876	97,173,842		43,338,007	37,743,611	71,130,518	396,114	
6. Colorado CO	L	191,844	206,124		377,571	684,543	657,976	792	
7. Connecticut CT	N								
8. Delaware DE	N								
9. District of Columbia DC	N								
10. Florida FL	N								
11. Georgia GA	N								
12. Hawaii HI	N								
13. Idaho ID	L	16,003,688	16,297,868		7,681,116	8,478,516	7,838,944	66,104	
14. Illinois IL	L	3,773	5,446			(408,749)		16	
15. Indiana IN	N								
16. Iowa IA	N								
17. Kansas KS	N								
18. Kentucky KY	N				3,168	15,733	13,276		
19. Louisiana LA	N								
20. Maine ME	N								
21. Maryland MD	N								
22. Massachusetts MA	N								
23. Michigan MI	N								
24. Minnesota MN	N								
25. Mississippi MS	N								
26. Missouri MO	N								
27. Montana MT	L	5,632,391	5,535,451		2,139,970	2,852,409	1,756,461	23,259	
28. Nebraska NE	N								
29. Nevada NV	L	1,380,637	1,432,016		565,494	680,357	895,056	5,701	
30. New Hampshire NH	N								
31. New Jersey NJ	N								
32. New Mexico NM	L	43,479	42,058			77,060	158,325	180	
33. New York NY	L				134,438	2,301,788	5,710,332		
34. North Carolina NC	L								
35. North Dakota ND	L								
36. Ohio OH	L					(47,073)			
37. Oklahoma OK	N								
38. Oregon OR	L	30,498,176	30,601,485		19,442,609	16,201,137	14,653,341	126,925	
39. Pennsylvania PA	L								
40. Rhode Island RI	N								
41. South Carolina SC	N								
42. South Dakota SD	N								
43. Tennessee TN	L				104,353	1,073,761	1,421,394		
44. Texas TX	L								
45. Utah UT	L	16,594,642	16,618,334		5,970,600	6,676,887	5,447,226	68,518	
46. Vermont VT	N								
47. Virginia VA	N								
48. Washington WA	L	75,335,891	74,797,225		37,122,075	42,898,951	64,500,831	311,030	
49. West Virginia WV	L								
50. Wisconsin WI	L	8,312	6,804		1,770	1,837	67	26	
51. Wyoming WY	L				2,414	(4,878)	143,139		
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. US Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Totals	(a) 22	247,889,579	248,553,929	0	122,593,161	124,409,198	170,083,884	1,022,366	0

DETAILS OF WRITE-INS

5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

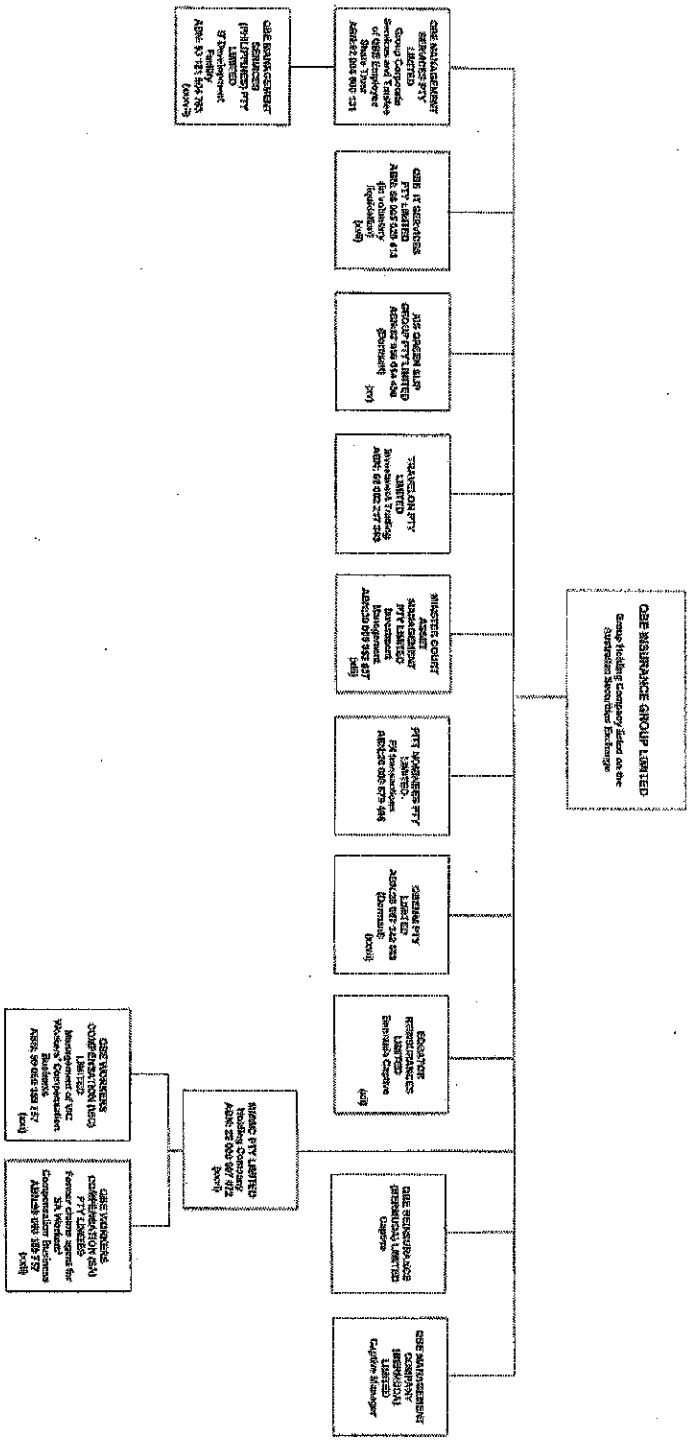
Ocean Marine - Premium allocated to States wherein the contract of insurance was negotiated and placed. Inland Marine & Earthquake - Location of property insured, insureds principal place of business or insured's principal residence. Liability other than Auto - Location of property insured or insured's principal residence. Auto Liability & Physical Damage - Location of principal garage. Surety - State in which bond is filed. All others - Location of property insured. Other Accident and Health & Workmens Compensation - Location of insured.

GROUP AND REGIONAL STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

QBE INSURANCE GROUP LIMITED Group Holding Company listed on the Australian Securities Exchange	
AUSTRALIA (NB: some companies appear on page 94.3)	Pages 94.1 and 94.2
ASIA PACIFIC	Page 94.3
QBE DEL ISTMO SUB GROUP OF COMPANIES	Page 94.4
EUROPEAN SPECIAL PURPOSE COMPANIES	Page 94.5
EUROPEAN OPERATIONS (LLOYD'S DIVISION AND CARLIFE GROUP)	Page 94.6
EUROPEAN OPERATIONS (COMPANY MARKET)	Page 94.7
EUROPEAN OPERATIONS (SERVICE, FUNDING AND OTHER COMPANIES)	Page 94.8
THE AMERICAS	Pages 94.9, 94.10, 94.11, 94.12 and 94.13
EQUATOR REINSURANCES LIMITED	Page 94.14

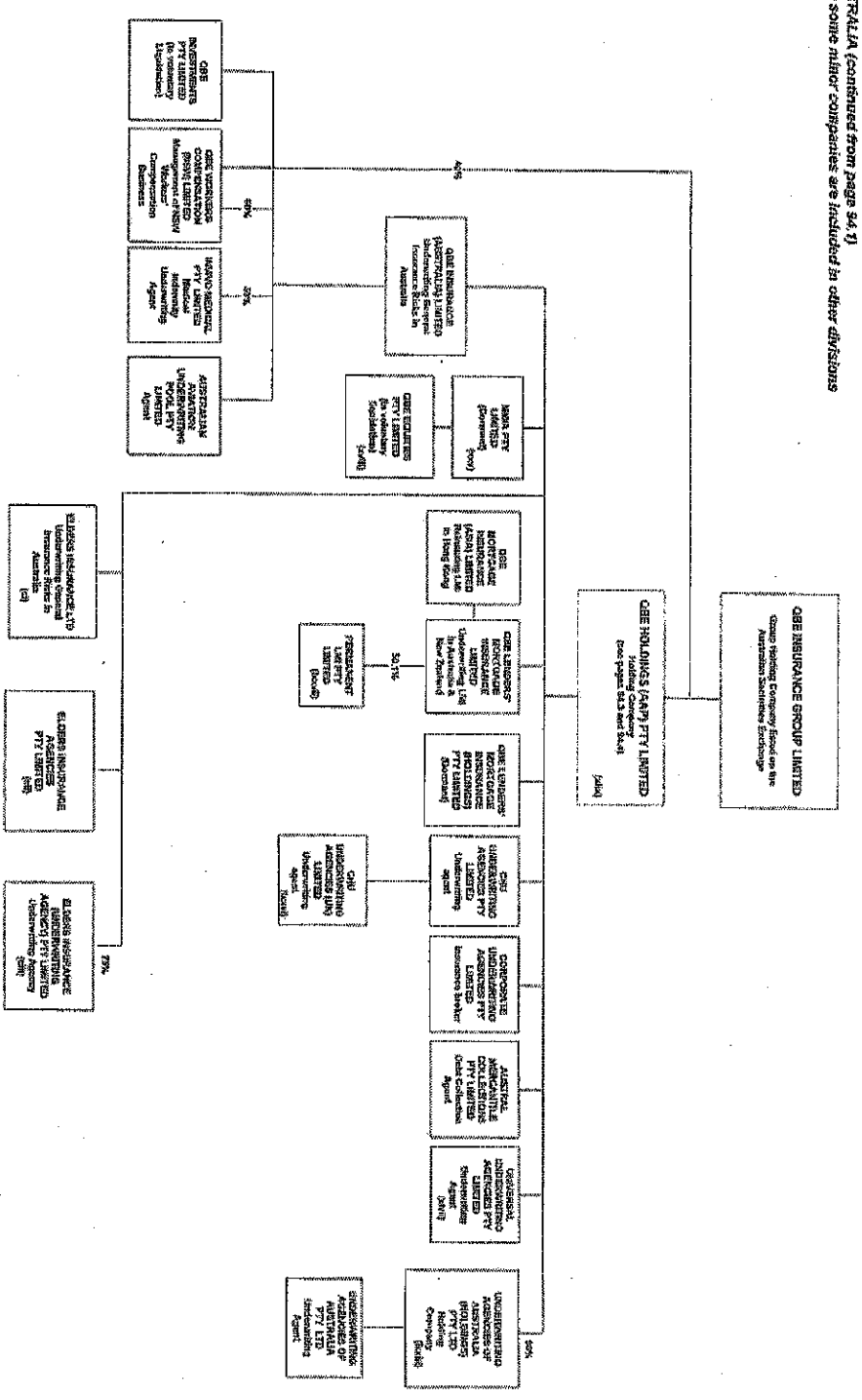
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- *AUSTRALIA (continued on page 94.2)*
- *Note some minor companies are included in other divisions*



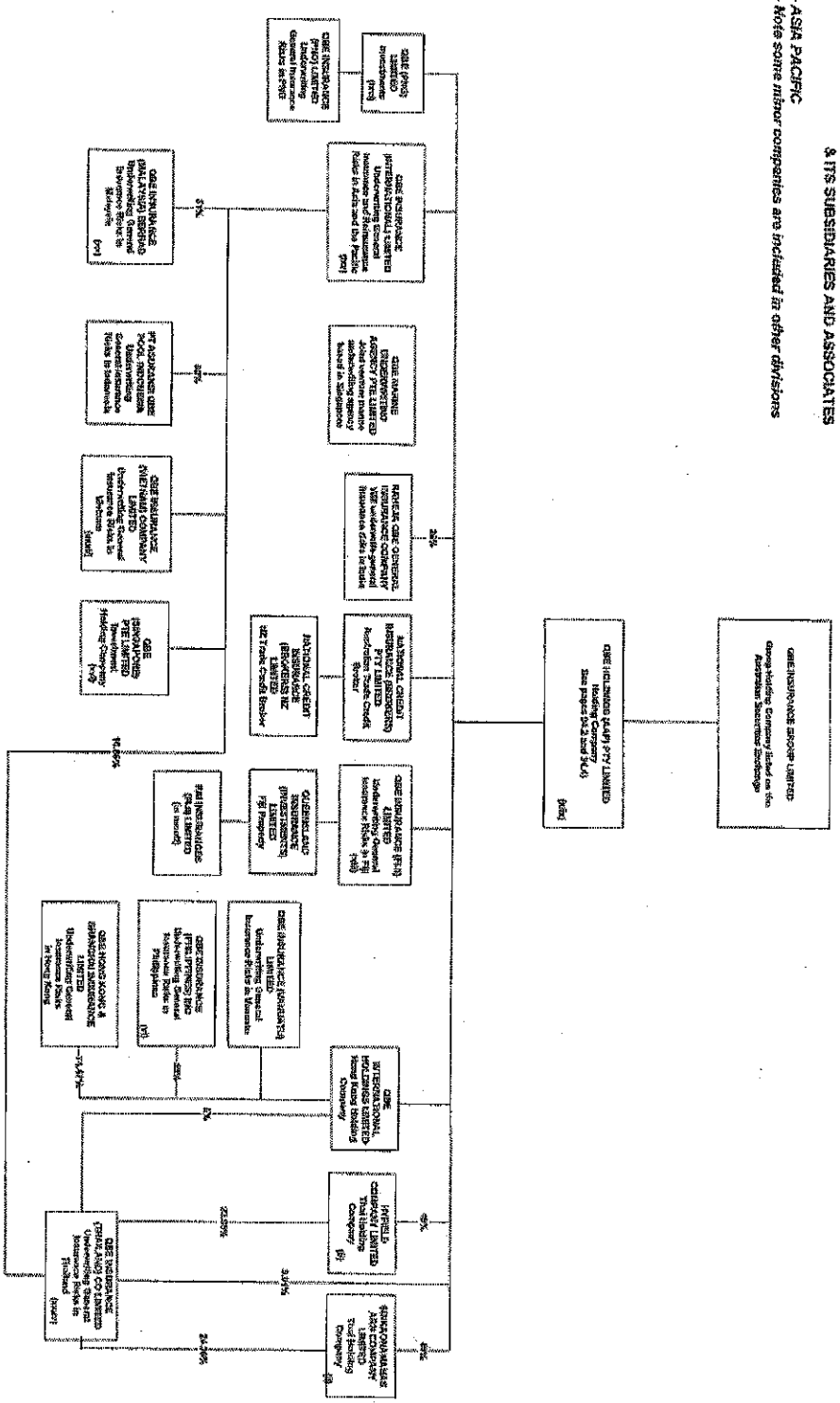
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- *AUSTRALIA (continued from page 94.1)*
- *Note some minor companies are included in other divisions*



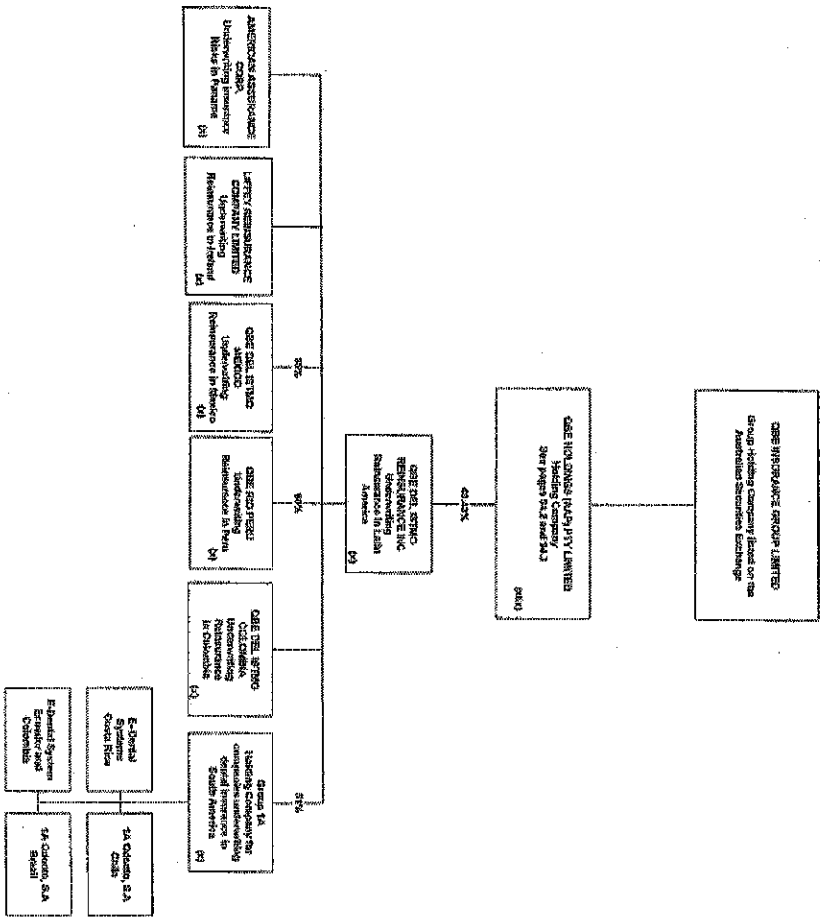
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- ASIA PACIFIC
- *Note some minor companies are included in other divisions*



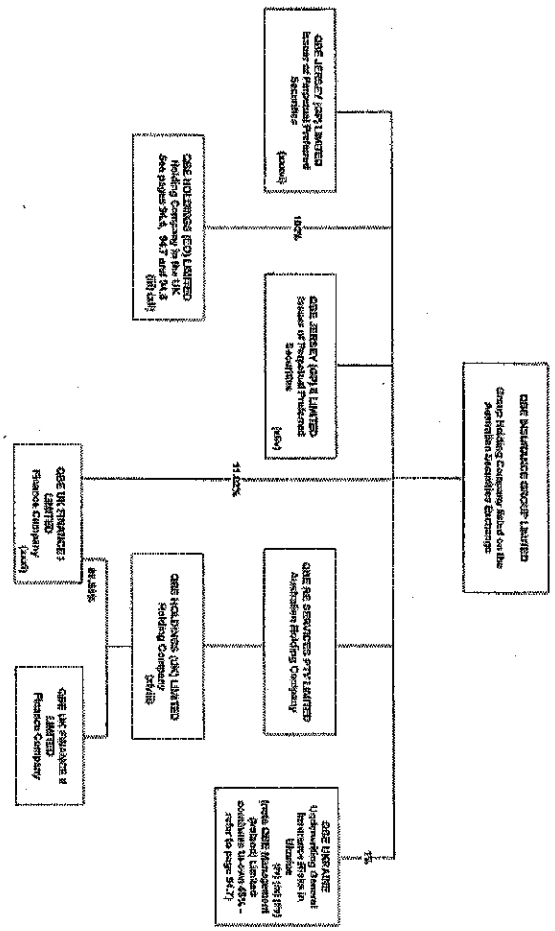
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- *QBE DEL ISTMO – SUB GROUP OF COMPANIES*



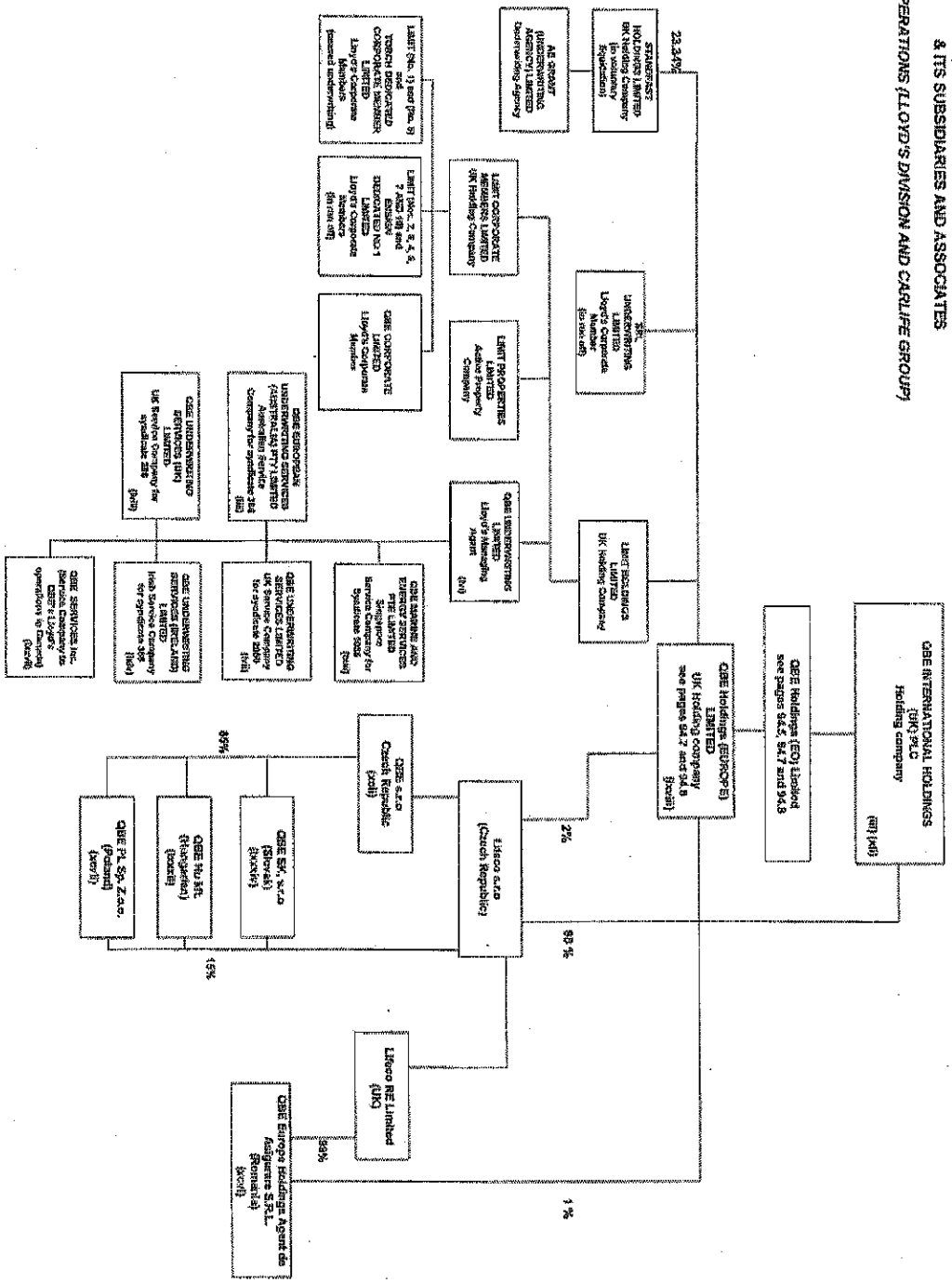
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- *EUROPEAN SPECIAL PURPOSE COMPANIES*



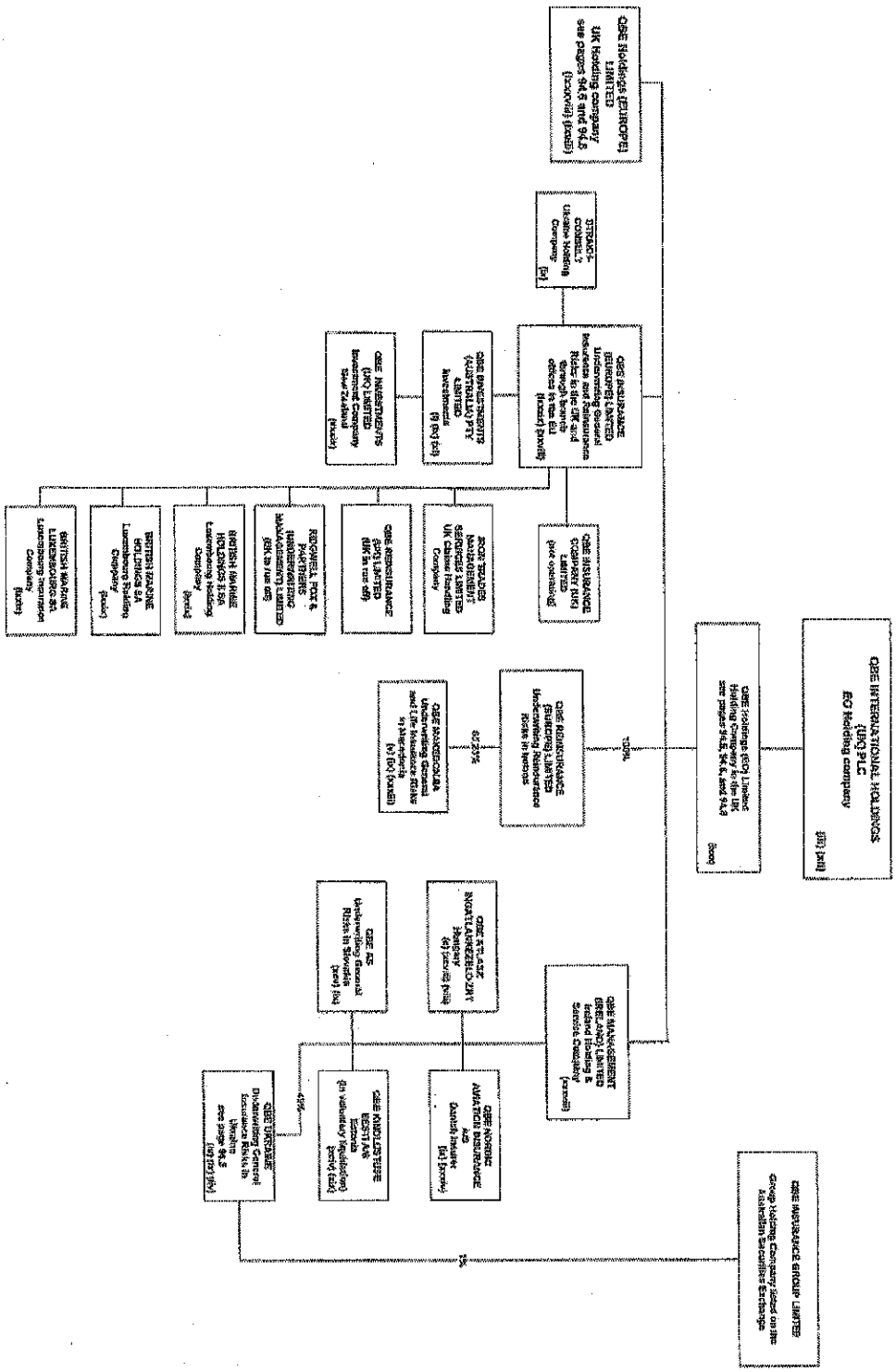
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (LLOYD'S DIVISION AND CARLIFE GROUP)



GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (COMPANY MARKET)

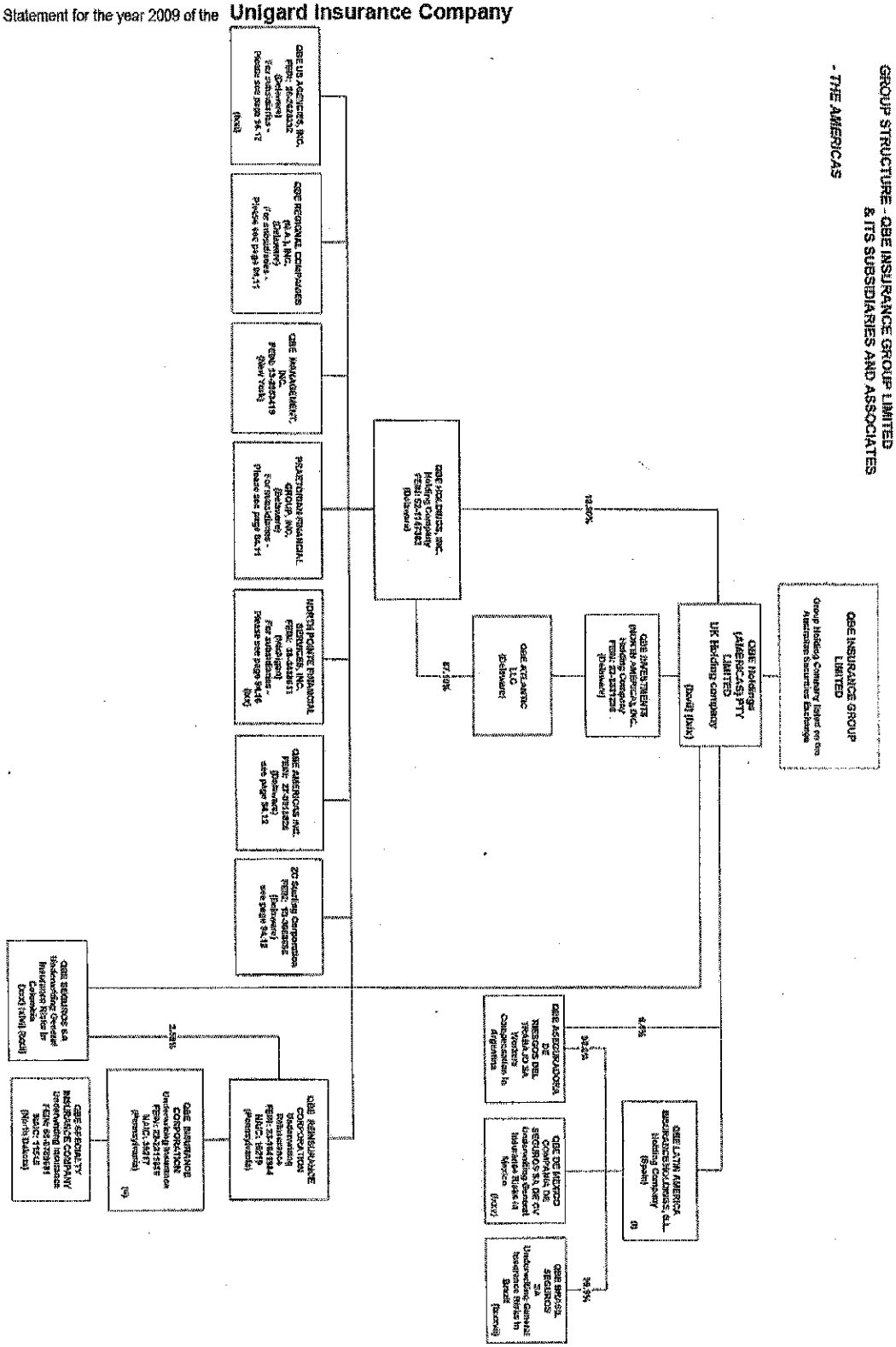


GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (SERVICE, FUNDING AND OTHER COMPANIES)

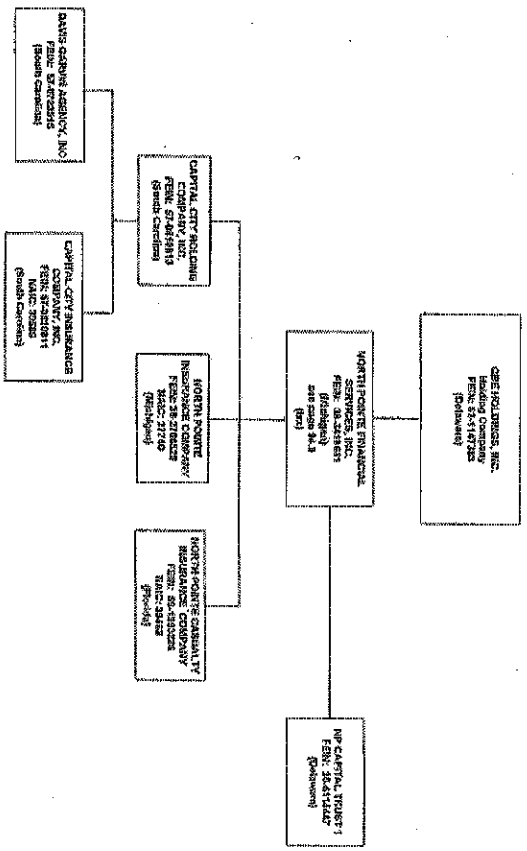
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS



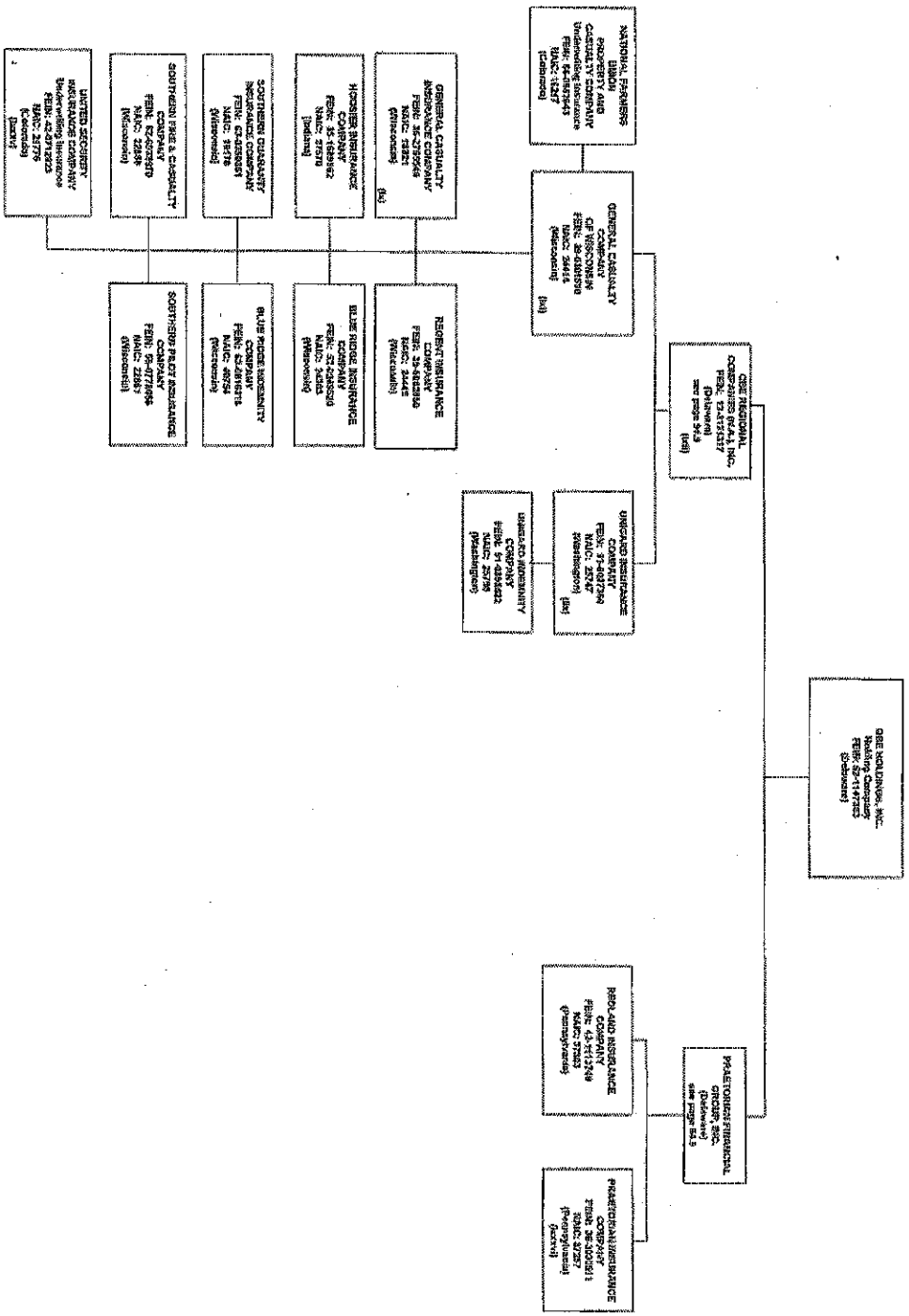
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS *(continued from page 94.9)*
North Pointe subsidiaries of QBE Holdings, Inc.



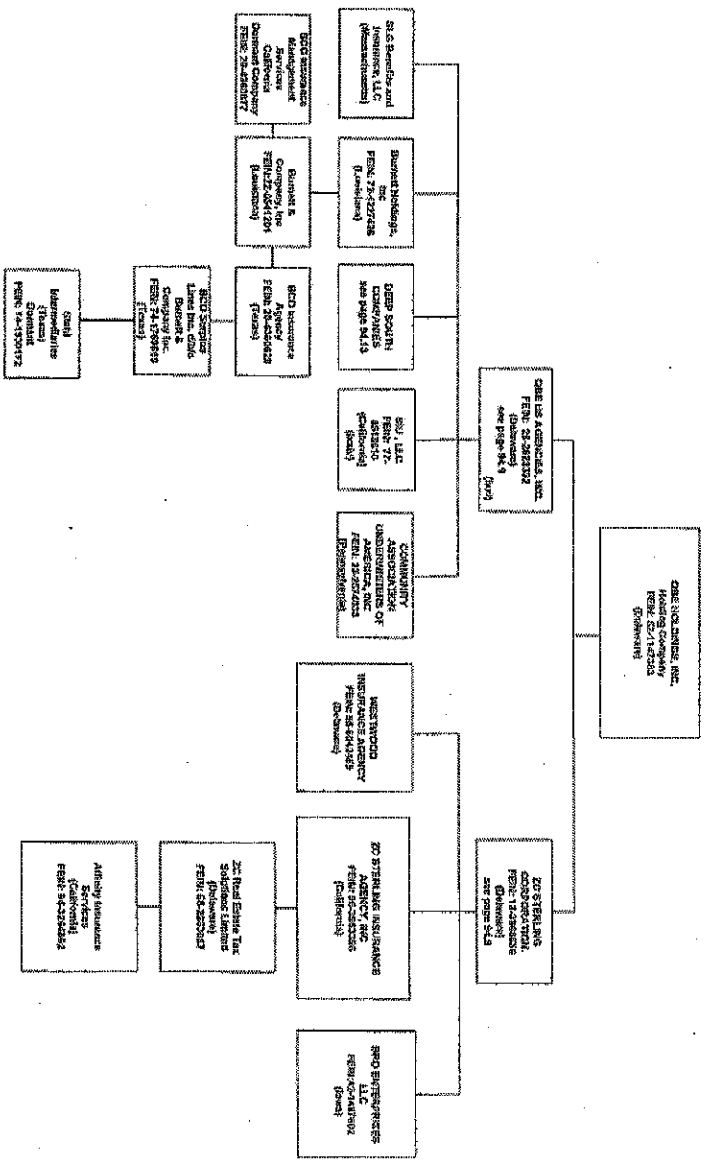
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 94.9 and 94.10)
Subsidiaries of QBE Regional Companies (N.A.), Inc. and Praetorian



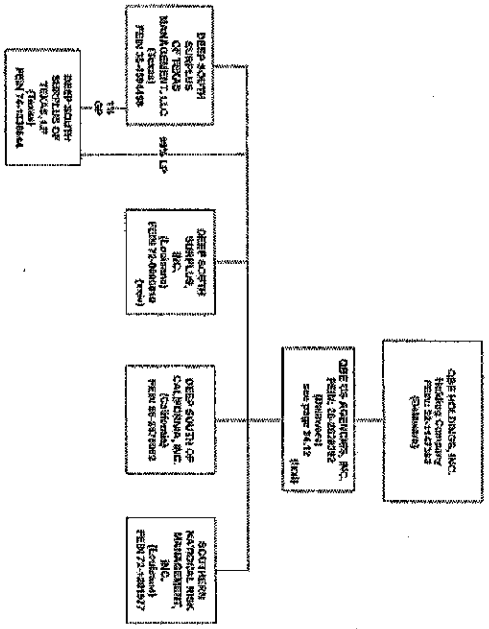
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 94.9, 94.10 and 94.11)
US Agencies



GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 94.9, 94.10, 94.11 and 94.12)
QBE US Agencies and Deep South entities



GROUP STRUCTURE - CBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES
- EQUATOR REINSURANCES

Notes to be read in conjunction with the QBE Group and Regional Structures (continued next page)

(i) - Access shares held by QBE Insurance Group Limited
(ii) - Unrelated Thai company (Born to Win Company Ltd) and its associates own 51% of shares.
(iii) - Preference shares held by QBE UK Finance II Limited
(iv) - Total Group holdings = 50%
(v) - QBE has 73.5% of the voting rights with its shareholding
(vi) - 59% held directly; 16% held by a Filipino law firm
(viii) - Part of European Operations. Company changed name to QBE Allasz Biztosito ZRT (30/9/05), then to Stefanie Biztosito Zrt (1/1/09) and then to QBE Allasz Ingatlankezelo Zrt (4/8/09)
(ix) - Part of European Operations
(x) - Part of the Americas - sub-group includes QBE Del Istmo Mexico (95%), QBE Rio Peru (60%), QBE Del Istmo Colombia (100%), American Assurance Corp. (100%), Group 1A (51%) and Seguros Carabobo SA Venezuela (15%) was previously part of this American sub-group until sold in 2005 to "Econoinvest" (a Venezuelan company).
(xii) - Managed in Dublin as a separate division
(xiii) - Formerly Queensland Insurance (Fiji) Limited (29 April 04)
(xiv) - Formerly Tolson Messenger Limited (04)
(xv) - Formerly Australian Aviation Insurance Group (Agency) Pty Ltd (1 July 04)
(xvi) - Formerly Zurich Insurance (Singapore) Pte Ltd (14 April 05)
(xvii) - Formerly Insure IT Services Pty Ltd (05 Nov 04)
(xviii) - Acquired the balance of Concord Agency Companies in July 2006 other than Underwriting Marketing Services Pty Limited
(xix) - Changed its name to QBE Kindlustuse Eesti AS on 20 April 05 – acquired 7 April 06
(xx) - Formerly QBE-MBF Insurance Berhad (31 December 04)
(xxi) - Formerly Mercantile Mutual WorkSure Limited (14 February 05)
(xxii) - Formerly Mercantile Mutual Insurance (SA Workers Compensation) Limited (14 February 05)
(xxiii) - Formerly Mercantile Equities Pty Limited (6 March 05)
(xxiv) - The following have merged with Deep South Surplus, Inc. (Louisana): on 14 May 09 - DSS of Georgia, Inc., DSS of Tennessee, Inc., DSS of Colorado, Inc., DSS of Ohio, Inc., DSS of Florida, Inc. and DS Connecticut, Inc.; on 26 May 09 DSS of New Mexico, Inc.; on 22 September 09 DSS of Arkansas, Inc.; and on 23 September 09 DS of Oklahoma, Inc.
(xxv) - Formerly Mercantile Mutual Insurance (Australia) Limited (15 April 05)
(xxvi) - Formerly Mercantile Mutual Insurance (Workers Compensation) Limited (15 April 05)
(xxvii) - Formerly QBE Mercantile Mutual Limited (5 May 05)
(xxviii) - Formerly QBE International Insurance Limited (30 September 05)
(xxix) - SPVs utilised in LYONs and SCS transactions through, respectively, QBE Funding Trust (LYONs), QBE Funding Trust II (LYONs II), QBE Funding Trust III (SCS aka LYONS III) and QBE Funding Trust IV (LYONs IV)
(xxx) - Compania Central de Seguros de Vida SA, former subsidiary, was merged into Compania Central de Seguros SA on 30 November 2005
(xxxi) - Formerly Sandsale Limited (30 November 05)
(xxxii) - Sale of 50% interest in separate legal entity, BIDV-QBE Insurance Company occurred simultaneously with this acquisition. Previously Allianz General Insurance (Vietnam) Co. Ltd. Completed 1 Jan 06
(xxxiii) - Formerly owned by QBE Insurance (Europe) Limited
(xxxiv) - Formerly Nordic Aviation Insurance A/S – completion occurred 30 March 06
(xxxv) - Born to Win Company Ltd holds 19.25% directly
(xxxvi) - SPV utilised in Perpetual Preferred Securities issue through QBE Capital Funding LP
(xxxvii) - QBE Management Services (Philippines) Pty Ltd incorporated in NSW (25 September 06)
(xxxviii) - Universal Management Limited changed its name to QBE Management (Ireland) Limited on 3 October 06
(xxxix) - QBE Workable Limited changed its name to QBE Investments (UK) Limited on 20 December 06
(xl) - Queensland Insurance (Australia) Pty Limited changed its name to QBE Investments (Australia) Pty Limited on 5 January 07
(xli) - QBE Re Services Pty Ltd owns one ordinary share
(xlii) - QBE Finance Pty Limited changed its name to Minster Court Asset Management Pty Ltd on 2 February 07
(xliii) - Minster Court Asset Management Limited changed its name to Minster Court Asset Management (UK) Limited on 19 February 07
(xliv) - SPV utilised in April 07 Perpetual Preferred Securities issue through QBE Capital Funding LP II
(xlv) - Minibus Plus Ltd changed its name to QBE (Stafford) Ltd on 9 July 07
(xlvi) - Compania Central de Seguros changed its name to QBE Seguros SA on 31 March 07
(xlvii) - Universal Underwriting Agencies Pty Limited acquired 31 August 07
(xlviii) - QBE Holdings (UK) Limited now owns one ordinary share on 4 September 07

Note: all shareholdings are 100% unless specified

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xlix) - QBE International (Investments) Pty Limited changed its name to QBE Holdings (AAP) Pty Limited on 12 September 07
(l) - QBE Latin America Insurance Holdings, S.L. capitalised on 21 September 07
(li) - QBE Insurance Corporation (the Americas) purchased the entire issued share capital of Cumbre Seguros de Mexico, S.A. de C.V. on 1 November 07
(lii) - British Marine Holdings Limited changed its name to Equator Re (Australia) Limited on 14 November 07
(liii) - DA Constable Syndicate Pty Limited changed its name to QBE European Underwriting Services Australia Pty Limited on 22 November 07
(liv) - QBE - UGPB changed its name to QBE UKRAINE on 23 November 07
(lv) - QBE Management (UK) Limited changed its name to QBE Management Services (UK) Limited on 31 December 07
(lvi) - Limit Underwriting Limited changed its name to QBE Underwriting Limited on 31 December 07
(lvii) - Limit Technology and Commercial Underwriting Limited changed its name to QBE Underwriting Services Limited on 31 December 07
(lviii) - DA Constable Syndicate Limited changed its name to QBE Underwriting Services (UK) Limited on 31 December 07
(lix) - Unigard Pacific Insurance Company merged into Unigard Insurance Company on 31 December 07
(lx) - General Casualty Company of Illinois redomiciled to Wisconsin and changed its name to General Casualty Insurance Company on 31 December 07
(lxi) - Mesaweet Insurance Company merged into General Casualty Company of Wisconsin on 31 December 07
(lxii) - Unigard Inc., QBE US Investment Management Corp., Republic Financial Services, Inc. (NV), Republic Financial Services, Inc. (TX), and QBE North American Management, Inc. merged into QBE Regional Companies (N.A.), Inc. on 31 December 07
(lxiii) - QBE Marine and Energy Services PTE Limited incorporated in Singapore on 7 January 08
(lxiv) - DA Constable Syndicate (Ireland) Limited changed its name to QBE Underwriting Services (Ireland) Limited on 16 January 08
(lxv) - Countries of operation include French Polynesia, Macau, New Caledonia, New Zealand, Singapore and Solomon Islands
(lxvi) - Ownership transferred from QBE Insurance Group Limited to QBE Holdings (AAP) Pty Limited on 13 March 08
(lxvii) - 100% shareholding in then named QBE Australia Pty Limited was transferred from QBE Re Services Pty Limited to QBE Insurance Group Limited on 25 March 08
(lxviii) - Limit PLC changed its name to QBE Holdings (Europe) Limited and was re-registered as a private company on 7 April 08
(lxix) - QBE Australia Pty Limited changed its name to QBE Holdings (Americas) Pty Limited on 23 April 08
(lxx) - North Pointe Holdings Corporation merged into North Pointe Financial Services, Inc. effective 10 January 2009
(lxxi) - QBE US Agencies Inc incorporated on 16 April 08, acquired Deep South companies on 2 June 08
(lxxii) - 94.99% shareholding in QBE Seguros SA transferred to QBE Latin America Insurance Holdings, S.L. on 30 June 08 – the remaining 2.43% owned by many minority shareholders
(lxxiii) - 90% of Sanderson Insurance Brokers Pty Limited (SIB) acquired on 1 July 08 together with its wholly owned subsidiary, Underwriting Agencies of Australia Pty Limited. SIB changed its name to Underwriting Agencies of Australia (Holdings) Pty Ltd on 28 January 2009
(lxxiv) - QBE US Agencies acquired SIU, LLC on 1 July 08
(lxxv) - Cumbre Compania de Seguros SA de CV changed its name to QBE de Mexico Compania de Seguros SA de CV on 5 August 08
(lxxvi) - CHU Underwriting Agencies (UK) Ltd was incorporated on 27 August 2008
(lxxvii) - Permanent is a joint venture between QBE Lenders' Mortgage Insurance Limited ("QBE LMI") and Heritage Building Society ("Heritage") of which QBE LMI owns 50.1% and Heritage owns 49.9%. The joint venture operates in substance as a distribution vehicle through Heritage.
(lxxviii) - Incorporated on 1 January 2009
(lxxix) - Transfer effective 31 December 2008
(lxxx) - Incorporated under name of Hackremco (No.2584) Limited on 9 October 2008 an changed name to QBE Holdings (EO) Limited on 11 November 2008
(lxxxi) - QBE Pacific Insurance Limited was amalgamated with QBE Insurance (PNG) Limited on 1 December 2008 to become one entity named QBE Insurance (PNG) Limited
(lxxxii) - Carlife kft changed name to QBE Hu kft on 19 March 2009
(lxxxiii) - Carlife PMP s.r.o. and Credilife CZ s.r.o. merged into Carlife Direct s.r.o. on 19 March 2009
(lxxxiv) - Carlife SK, s.r.o changed name to QBE SK, s.r.o on 10 March 2009
(lxxxv) - Effective 1/1/2009 the company is a subsidiary of General Casualty Company of Wisconsin. This was done via an extraordinary dividend by National Farmers Union Property and Casualty Company
(lxxxvi) - Praetorian Specialty Insurance Company, i.e a prior subsidiary of Praetorian Insurance Company was sold as of 17 February 2009. While the Pennsylvania jurisdiction has authorised the redomestication of Praetorian Insurance Company to Pennsylvania, as at 14 October 2009, formal approval is pending with its former jurisdiction, Illinois.
(lxxxvii) - The 0.01% (1 share) is owned by Alessandro Jarzymski (CEO of QBE Brasil)
(lxxxviii) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd on 3 July 2009
(lxxxix) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd 3 July 2009
(xc) - Incorporated on 27 May 2009
(xci) - Incorporated on 27 May 2009
(xcii) - Carlife Direct s.r.o. changed its name to QBE s.r.o on 7 April 2009
(xciii) - Business transferred to QBE Insurance (Europe) Ltd Hungary Branch on 1 October 2008
(xciv) - Business transferred to QBE Insurance (Europe) Ltd Estonia Branch on 1 November 2008
(xcv) - QBE Polstovna, a.s. changed its name to QBE, a.s. on 5 May 2008
(xcvi) - Carlife SRL changed its name to QBE Europe Holdings Agent de Asigurare S.R.L. on 18 May 2009
(xcvii) - Carlife Sp. Z.o.o. changed its name to QBE PL Sp. Z.o.o. on 9 March 2009

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xxviii) – Name changed from Stefánia Biztosító Zrt to QBE Atlasz Ingatlankezelő Zrt on 4 August 2009.

(xxix) - The following companies have dissolved: QBE Corporate Holdings Limited – 2 August 2009; QBE Corporate Capital Holdings plc – 2 August 2009; Energy Insurance Services Limited – 5 August 2009; Icon Schemes Limited – 5 August 2009

(c) - Atlasz Ubu Kft was de registered on 3 August 2009.

(ci) - Acquired 30 September 2009

(cii) - Acquired 30 September 2009

(ciii) - Incorporated 14/09/09. Joint Venture General Insurance Underwriting Agency – owned 75% by QBE Holdings (AAP) Pty Limited and 25% by Elders Rural Services Australia Limited.

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QUARTERLY STATEMENT

As of June 30, 2010

of the Condition and Affairs of the

Unigard Insurance Company

NAIC Group Code.....796, 796 (Current Period) (Prior Period)	NAIC Company Code..... 25747	Employer's ID Number..... 91-6027360	
Organized under the Laws of Washington	State of Domicile or Port of Entry Washington	Country of Domicile US	
Incorporated/Organized..... September 29, 1960	Commenced Business..... September 30, 1960		
Statutory Home Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)		
Main Administrative Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)	
Mail Address	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number or P. O. Box) (City or Town, State and Zip Code)		
Primary Location of Books and Records	One General Drive..... Sun Prairie ..... WI ..... 53596 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)	
Internet Web Site Address	www.unigard.com		
Statutory Statement Contact	Darryl Bryon Klatt (Name)	608-825-5160 (Area Code) (Telephone Number) (Extension)	
	darryl.klatt@us.qbe.com (E-Mail Address)	608-825-5053 (Fax Number)	

OFFICERS

Name	Title	Name	Title
1. Peter Kurt Christen	President & CEO	2. John Roger Schanen	Treasurer
3. Jennifer Jean Vernon	Secretary	4.	

OTHER

Lindsay Arnold Chatterton, Jr.	Senior Vice President	Thomas Mark Greenfield	Senior Vice President
Peter George Logothetis	Senior Vice President	John Michael Bondura	Regional Insurance Claims Officer
Charles Robert Valinotti	Senior Vice President	Steven Lawrence Sheinheit	Chief Strategy and Technology Officer
James Justin Fiore	Chief Underwriting Officer	Norm Emil Donelson	Chief Actuary
Kevin Donald Root	Controller	Jennifer Jean Vernon	General Counsel
Andrew Joseph Doll	Senior Vice President		

DIRECTORS OR TRUSTEES

Peter Kurt Christen	John Rumpler	Francis Michael O'Halloren	Stephen Terrence Fitzpatrick
Christopher Colin Fish	James Justin Fiore	Anthony Robert Przbyszewski	Harvey J Bazaar
Rodney Paul Farrell	Vincent McLenaghan		

State of..... Wisconsin
County of..... Dane

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Peter Kurt Christen	John Roger Schanen	Jennifer Jean Vernon
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & CEO	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	122,958,332		122,958,332	100,942,458
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	64,316,286		64,316,286	67,534,623
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $ 0 encumbrances)	21,358,620		21,358,620	21,951,945
4.2 Properties held for the production of income (less $ 0 encumbrances)	26,563,546		26,563,546	27,698,285
4.3 Properties held for sale (less $ 0 encumbrances)			0	
5. Cash ($ 34,823,489), cash equivalents ($ 90,491,346) and short-term investments ($ 78,088,291)	203,403,126		203,403,126	246,365,145
6. Contract loans (including $ 0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets	317,047		317,047	454,127
9. Receivables for securities	659,780		659,780	
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	439,676,737	0	439,676,737	464,866,583
12. Title plants less $ 0 charged off (for Title insurers only)			0	
13. Investment income due and accrued	1,088,603		1,088,603	1,667,927
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	19,553,427	1,720,325	17,833,102	15,541,695
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 44,680 earned but unbilled premiums)	75,517,073	23,190	75,493,883	67,007,537
14.3 Accrued retrospective premiums			0	
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	11,472,834		11,472,834	12,313,566
15.2 Funds held by or deposited with reinsured companies			0	
15.3 Other amounts receivable under reinsurance contracts			0	
16. Amounts receivable relating to uninsured plans			0	
17.1 Current federal and foreign income tax recoverable and interest thereon	3,287,169		3,287,169	
17.2 Net deferred tax asset	28,832,938	13,032,159	15,800,779	20,486,032
18. Guaranty funds receivable or on deposit			0	
19. Electronic data processing equipment and software	54,662		54,662	103,043
20. Furniture and equipment, including health care delivery assets ($ 0)	1,395,403	1,395,403	0	
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	
22. Receivables from parent, subsidiaries and affiliates	6,712,293		6,712,293	18,080,289
23. Health care ($ 0) and other amounts receivable			0	
24. Aggregate write-ins for other than invested assets	3,326,497	1,095,811	2,230,686	2,193,134
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 through 24)	590,817,639	17,266,888	573,550,751	602,249,777
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
27. Total (Lines 25 and 26)	590,817,639	17,266,888	573,550,751	602,249,777

DETAILS OF WRITE-INS

1001			0	
1002			0	
1003			0	
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above)	0	0	0	0
2401. Prepaid pension asset	174,560	174,560	0	
2402. Non-qualified deferred compensation plan	1,317,730		1,317,730	1,507,481
2403. Fair plan receivable	349,136	349,136	0	
2498. Summary of remaining write-ins for Line 24 from overflow page	1,485,071	572,115	912,956	685,653
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	3,326,497	1,095,811	2,230,686	2,193,134

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Losses (current accident year $....41,555,903)	206,205,323	212,014,813
2.	Reinsurance payable on paid losses and loss adjustment expenses	1,073,934	1,535,050
3.	Loss adjustment expenses	46,335,329	45,936,190
4.	Commissions payable, contingent commissions and other similar charges	6,306,270	8,890,088
5.	Other expenses (excluding taxes, licenses and fees)	2,138,840	8,747,390
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	1,059,002	714,477
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))		587,775
7.2	Net deferred tax liability		
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (after deducting unearned premiums for ceded reinsurance of $....101,309,819 and including warranty reserves of $.....0)	111,730,429	111,397,903
10.	Advance premium	1,114,607	999,839
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	15,958,991	8,142,828
13.	Funds held by company under reinsurance treaties	42,000	771,000
14.	Amounts withheld or retained by company for account of others	1,998,513	2,110,025
15.	Remittances and items not allocated		4,613
16.	Provision for reinsurance	474,800	474,800
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		28,980
19.	Payable to parent, subsidiaries and affiliates		
20.	Derivatives		
21.	Payable for securities	548,579	
22.	Liability for amounts held under uninsured plans		
23.	Capital notes $.....0 and interest thereon $.....0		
24.	Aggregate write-ins for liabilities	4,722,888	11,512,764
25.	Total liabilities excluding protected cell liabilities (Lines 1 through 24)	399,707,405	413,868,537
26.	Protected cell liabilities		
27.	Total liabilities (Lines 25 and 26)	399,707,405	413,868,537
28.	Aggregate write-ins for special surplus funds	3,662,428	4,626,026
29.	Common capital stock	3,000,000	3,000,000
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds	0	0
32.	Surplus notes		
33.	Gross paid in and contributed surplus	119,053,571	119,053,571
34.	Unassigned funds (surplus)	48,127,347	61,701,643
35.	Less treasury stock, at cost:		
	35.1 .....0.000 shares common (value included in Line 29 $.....0)		
	35.2 .....0.000 shares preferred (value included in Line 30 $.....0)		
36.	Surplus as regards policyholders (Lines 28 to 34, less 35)	173,843,346	188,381,240
37.	Totals	573,550,751	602,249,777

DETAILS OF WRITE-INS

2401.	2009 Private Passenger Escrow	328,373	376,637
2402.	Qualified pension - additional liability	2,457,849	9,177,936
2403.	Reserve for potential losses on uncollectible reinsurance balances	393,500	393,500
2498.	Summary of remaining write-ins for Line 24 from overflow page	1,548,166	1,564,691
2499.	Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	4,722,888	11,512,764
2801.	Additional admitted deferred tax assets	3,662,428	4,626,026
2802.			
2803.			
2898.	Summary of remaining write-ins for Line 28 from overflow page	0	0
2899.	Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	3,662,428	4,626,026
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page	0	0
3199.	Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written $ 117,829,706)	121,614,298	123,767,266	248,553,929
1.2 Assumed (written $ 121,195,539)	120,872,652	123,568,929	245,300,019
1.3 Ceded (written $ 117,879,363)	121,670,324	123,852,775	248,690,819
1.4 Net (written $ 121,149,182)	120,816,656	123,483,420	245,163,129
DEDUCTIONS:			
2. Losses incurred (current accident year $ 65,223,374):			
2.1 Direct	63,882,474	55,004,446	124,409,199
2.2 Assumed	59,750,622	60,838,447	135,586,686
2.3 Ceded	62,570,846	55,151,116	124,254,110
2.4 Net	61,062,250	60,691,777	135,741,775
3. Loss adjustment expenses incurred	15,980,687	12,040,582	23,772,340
4. Other underwriting expenses incurred	41,115,968	45,669,742	85,889,089
5. Aggregate write-ins for underwriting deductions	(56,403)	384,755	376,637
6. Total underwriting deductions (Lines 2 through 5)	118,102,502	118,786,856	245,779,841
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	2,714,154	4,696,564	(616,712)
INVESTMENT INCOME			
9. Net investment income earned	2,232,855	7,265,919	12,551,367
10. Net realized capital gains (losses) less capital gains tax of $ 0	1,757,579	(7,158,940)	(8,131,297)
11. Net investment gain (loss) (Lines 9 + 10)	3,990,434	106,979	4,420,070
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 0 amount charged off $ 388,918)	(388,918)	(192,079)	(345,463)
13. Finance and service charges not included in premiums	688,788	666,367	1,452,765
14. Aggregate write-ins for miscellaneous income	(5,585)	(40,122)	(276,347)
15. Total other income (Lines 12 through 14)	294,285	474,167	830,955
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	6,998,873	5,277,710	4,634,313
17. Dividends to policyholders	1,671,099	1,558,146	4,220,253
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)	5,327,774	3,719,564	414,060
19. Federal and foreign income taxes incurred	1,587,056	7,299,533	6,626,522
20. Net income (Line 18 minus Line 19) (to Line 22)	3,740,718	(3,579,969)	(6,212,462)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	188,381,241	212,771,577	212,771,577
22. Net income (from Line 20)	3,740,718	(3,579,969)	(6,212,462)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 1,702,136	(3,669,493)	2,972,388	8,464,706
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	(1,803,529)	5,706,233	6,617,881
27. Change in nonadmitted assets	2,469,356	402,503	9,580,062
28. Change in provision for reinsurance			561,000
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(9,000,000)	(12,000,000)	(42,000,000)
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	(6,274,949)	(1,777,595)	(1,401,524)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(14,537,895)	(8,276,440)	(24,390,336)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	173,843,346	204,495,137	188,381,241
DETAILS OF WRITE-INS			
0501. 2009 Private Passenger Escrow	(56,403)	384,755	376,637
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(56,403)	384,755	376,637
1401. Other miscellaneous income (expense)	(6,697)	(40,122)	(276,347)
1402. Gain on sale of equipment	1,112		
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(5,585)	(40,122)	(276,347)
3701. Reserve for potential losses on uncollectible reinsurance balances			44,000
3702. Additional minimum pension liability	4,368,059	(1,777,595)	(1,445,524)
3703. Pension transfer valuation adjustment	(10,643,008)		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	(6,274,949)	(1,777,595)	(1,401,524)

CASH FLOW

		1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance	118,777,858	136,777,023	258,371,375
2.	Net investment income	4,421,368	8,179,945	17,180,672
3.	Miscellaneous income	294,285	474,167	830,955
4.	Total (Lines 1 through 3)	123,493,512	145,431,135	276,383,001
5.	Benefit and loss related payments	66,492,124	29,521,604	85,089,752
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	65,488,957	49,947,061	102,487,749
8.	Dividends paid to policyholders	1,671,099	1,558,146	4,220,253
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	5,462,001	9,101,854	7,804,412
10.	Total (Lines 5 through 9)	139,114,181	90,128,665	209,602,165
11.	Net cash from operations (Line 4 minus Line 10)	(15,620,670)	55,302,470	66,780,836
	CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	26,191,285	76,886,369	122,649,346
	12.2 Stocks	15,195,922	8,155,159	16,690,860
	12.3 Mortgage loans			
	12.4 Real estate		198,251	274,993
	12.5 Other invested assets	52,896	47,657	(4,815)
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	61,691	63,962	(24,505)
	12.7 Miscellaneous proceeds	548,679	454,482	33,888
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	42,050,473	85,805,880	139,619,877
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	47,547,354	40,371,184	118,821,842
	13.2 Stocks	16,107,388	9,835,098	18,304,962
	13.3 Mortgage loans			
	13.4 Real estate	92,773	182,127	600,716
	13.5 Other invested assets		12,797	66,348
	13.6 Miscellaneous applications	659,780	401,041	
	13.7 Total investments acquired (Lines 13.1 to 13.6)	64,407,295	50,802,247	138,793,868
14.	Net increase (decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(22,356,822)	35,003,633	826,009
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			
	16.2 Capital and paid in surplus, less treasury stock			
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities			
	16.5 Dividends to stockholders	9,000,000	12,000,000	42,000,000
	16.6 Other cash provided (applied)	4,015,473	(8,728,804)	(29,883,558)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(4,984,527)	(20,728,804)	(71,883,558)
	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)	(42,962,019)	69,578,099	(4,276,712)
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	246,365,145	250,641,857	250,641,857
	19.2 End of period (Line 18 plus Line 19.1)	203,403,126	320,219,957	246,365,145

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

20.0001				

NOTES TO FINANCIAL STATEMENTS

Note #	Description
1	Summary of Significant Accounting Policies
2	Accounting Changes and Corrections of Errors
3	Business Combinations and Goodwill
4	Discontinued Operations
5	Investments
6	Joint Ventures, Partnerships and Limited Liability Companies
7	Investment Income
8	Derivative Instruments
9	Income Taxes
10	Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties
11	Debt
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
14	Contingencies
15	Leases
16	Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
17	Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities
18	Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
20	Other Items
21	Events Subsequent
22	Reinsurance
23	Retrospectively Rated Contracts & Contracts Subject to Redetermination
24	Change in Incurred Losses and Loss Adjustment Expenses
25	Intercompany Pooling Arrangements
26	Structured Settlements
27	Health Care Receivables
28	Participating Policies
29	Premium Deficiency Reserves
30	High Deductibles
31	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
32	Asbestos/Environmental Reserves
33	Subscriber Savings Accounts
34	Multiple Peril Crop Insurance
35	Financial Guaranty Insurance

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

   No Significant Changes

2. **Accounting Changes and Corrections of Errors**

   No Significant Changes

3. **Business Combinations and Goodwill**

   Not Applicable

4. **Discontinued Operations**

   Not Applicable

5. **Investments**

   No Significant Changes

6. **Joint Ventures, Partnerships and Limited Liability Companies**

   Not Applicable

7. **Investment Income**

   No Significant Changes

8. **Derivative Instruments**

   Not Applicable

9. **Income Taxes**

   A. The components of the net deferred tax asset recognized are as follows:

	June 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
(1) Total of gross DTA	$ 24,813,758	$ 4,287,504	$ 29,101,262	$ 28,565,587	$ 3,969,498	$ 32,535,085
(2) Total of gross DTL	268,323	-	268,323	280,401	726,721	1,007,122
(3) Net deferred tax asset	$ 24,545,435	$ 4,287,504	$ 28,832,939	$ 28,285,186	$ 3,242,777	$ 31,527,963
(4) Deferred tax asset nonadmitted			13,032,159			11,041,932
(5) Net admitted deferred tax asset			$ 15,800,780			$ 20,486,031
(6) Increase (decrease) in nonadmitted asset			$ 1,990,227			$ (7,800,011)

   (7). The Company has elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e) for the period ended 6/30/2010.

   (8). The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10 (e):

	June 30, 2010	December 31, 2009	Change
Ordinary	$ 3,662,428	$ 4,626,025	$ (963,597)
Capital	-	-	-
Total increase in admitted adjusted gross DTA	$ 3,662,428	$ 4,626,025	$ (963,597)

(9). The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii, 10c.:

	June 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within one year (10bi.)	$ 12,138,352	-	$ 12,138,352	$ 15,860,006	-	$ 15,860,006
10% of adjusted capital and surplus (10bii.)			$ 17,317,560			$ 18,423,639
Adjusted gross DTAs offset against existing DTLs (10c)	$ 268,323	-	$ 268,323	$ 280,401	726,721	$ 1,007,122
Risk based capital level used in paragraph 10.d:						
Total adjusted capital			$ 190,073,989			$ 183,755,214
Authorized control level			$ 28,326,857			$ 28,326,857

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii(a)., 10eii(b)., 10eiii.:

	June 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within three years (10.e.i.)	$ 15,880,780	-	$ 15,880,780	$ 20,486,031	-	$ 20,486,031
15% of adjusted capital and surplus (10.e.ii.)			$ 25,976,340			$ 27,635,458
Adjusted gross DTAs offset against existing DTLs (10.eiii)	$ 268,323	-	$ 268,323	$ 280,401	726,721	$ 1,007,122
Risk based capital level used : in paragraph 10.d						
Total adjusted capital			$ 190,073,989			$ 188,381,239
Authorized control level			$ 28,326,857			$ 28,326,857

(10). The following amounts resulting from the calculation in paragraphs 10a., 10b., 10c.:

	June 30, 2010	December 31, 2009
Admitted DTAs	$ 12,138,352	$ 15,860,006
Admitted assets	$ 568,487,505	$ 596,276,746
Statutory surplus	$ 170,180,918	$ 183,755,214
Total adjusted capital	$ 170,180,918	$ 183,755,214

Admitted DTAs, admitted assets and statutory surplus increased by $3,662,428 resulting from the use of paragraph 10c.

B. The Company recognizes all of its deferred tax liabilities.

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

	6/30/2010	12/31/2009
Federal	$1,587,056	$ 6,626,522
Foreign	-	-
	$1,587,056	$ 6,626,522
Federal income tax on net capital gains		(240,118)
Utilization of capital loss carryforwards	-	-
Utilization of operating loss carryforwards	-	-
Federal and foreign income taxes incurred	$1,587,056	$ 6,386,404

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

	6/30/2010	12/31/2009	Change
Deferred tax assets			
Loss reserves	$ 8,966,561	$ 9,158,676	$ (192,115)
Unearned premium reserve	7,899,145	7,867,860	31,285
Employee benefit plans	1,966,026	5,210,693	(3,244,667)
Fixed assets	4,894,494	4,721,144	173,350
Other assets nonadmitted	322,438	509,031	(186,593)
Stocks, bonds and other investments	781,410	-	781,410
Premiums receivable	610,230	776,690	(166,460)
Net capital loss carryover	3,506,094	3,969,498	(463,404)
Other	154,863	321,493	(166,630)
Total deferred tax assets	$ 29,101,261	$ 32,535,085	$ (3,433,824)
Nonadmitted deferred tax assets	13,032,159	11,041,932	1,990,227
Admitted deferred tax assets	$ 16,069,102	$ 21,493,153	$ (5,424,051)
Deferred tax liabilities			
Stocks, bonds and other investments	247,714	986,837	(739,123)
Other	20,609	20,285	324
Total deferred tax liabilities	$ 268,323	$ 1,007,122	$ (738,799)
Net admitted deferred tax asset	$ 15,800,779	$ 20,486,031	$ (4,685,252)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	6/30/2010	12/31/2009	Change
Total deferred tax assets	$ 29,101,262	$ 32,535,085	$ (3,433,823)
Total deferred tax liabilities	268,323	1,007,122	(738,799)
Net deferred tax asset (liability)	$ 28,832,939	$ 31,527,963	$ (2,695,024)
Tax effect of unrealized gains (losses)			649,894
Intercompany DTA transfer			241,602
Change in net deferred income tax			$ (1,803,528)

(3) The Company did not utilize any investment tax credits in the current or proceeding year.

(4) The Company did not utilize any operating loss carryforwards in the current year or proceeding year

(5) There were no adjustments to deferred tax assets or liabilities from enacted changes in tax status, rates or laws in the current or proceeding year.

(6) There were no adjustment to deferred tax assets due to change in circumstances about the realize ability of these assets.

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing differences are as follows:

	Amount	Tax Effect	Rate
Pre tax income	$ 5,327,773	$ 1,864,721	35%
Dividends received deduction (net of proration)	(210,557)	(73,695)	-1%
Other permanent differences	110,584	38,704	1%
Nonadmitted premiums receivable	475,600	166,460	3%
Other assets nonadmitted	3,983,986	1,394,395	26%
Other	-	-	0%
Total	$ 9,687,386	$ 3,390,585	64%
Federal and foreign income taxes incurred	4,534,446	1,587,056	30%
Change in net deferred income taxes	5,152,940	1,803,529	34%
Total statutory income taxes	$ 9,687,386	$ 3,390,585	64%

E. 1. At June 30, 2010, the Company had an estimated 10,017,411 of net capital loss carryforwards, which would expire in 2013 and 2014, available to offset future net capital gains.

At June 30, 2010, the Company had $0 of net operating loss carry forwards.

2. The Company did not incur federal income taxes in the current year or any preceding year that would be available for recoupment in the event of future net losses.

3. At June 30, 2010, the Company had no deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. 1. The Company's federal income tax information is included in the consolidated federal income tax return of QBE Investments (North America), Inc. The companies included in the filing of the consolidated federal income tax return are as follows:

QBE Investments (North America), Inc.
QBE Holdings, Inc.
QBE Management, Inc.
QBE Reinsurance Corporation
QBE Insurance Corporation
QBE Specialty Insurance Company
National Farmers Union Property and Casualty Company
United Security Insurance Company
QBE Regional Companies (N.A.), Inc.
General Casualty Company of Wisconsin
General Casualty Insurance Company
Regent Insurance Company
Hoosier Insurance Company
Blue Ridge Insurance Company
Blue Ridge Indemnity Company
Southern Guaranty Insurance Company
Southern Pilot Insurance Company
Southern Fire & Casualty Company
Unigard Insurance Company
Unigard Indemnity Company
Praetorian Insurance Company
Burnett Holdings, Inc.
Burnett & Company, Inc.
Burnett Insurance Management Services, Inc.
BCO Insurance Agency of Texas, Inc.
BCO Surplus Lines, Inc.-Texas
Stahl Intermediaries, Inc.
North Pointe Financial Services, Inc
North Pointe Casualty Insurance Company
North Pointe Insurance Company
Davis Garvin Agency, Inc.
Capital City Insurance Company, Inc.
QBE U.S. Agencies, Inc.
Deep South Surplus, Inc.
Deep South of California, Inc.
Southern National Risk Management, Inc.
S.I.U., LLC
Community Association Underwriters of America Inc.
Sterling National Corporation
Sterling National Insurance Agency, Inc.
Sterling Property Tax Solutions, Inc.
Affinity Insurance Services, Inc.
SLG Benefits and Insurance, LLC
Westwood Insurance Agency
QBE Americas, Inc.

2. Effective January 1, 2008, QBE Regional and Subsidiaries entered into a tax sharing agreement with QBE Investments (North America), Inc. which replaced and made null all previous tax sharing agreements. Pursuant to this agreement, the group allocates tax among its members specifically on the basis of the tax allocation method provided in Section 1552(a)(2) of the Internal Revenue Code. Net operating loss and capital loss carryovers of the members shall be taken into account only to the extent such items were generated in a consolidated return year to which this agreement or the previous QBE Investments (North America), Inc. agreement applied. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective January 1, 2010, QBE Americas, Inc. (QBEAI), began operations to provide a variety of administrative services for the Company and certain United States based affiliates. All employees of certain U.S affiliates, excluding employees based in the State of Washington and certain claim adjusters, became employees of QBEAI resulting in associated liabilities associated with employees benefit plans transferring at fair market values to QBEAI. In addition, associated electronic hardware, software, furniture and equipment used by these employees were sold to QBEAI at book value which approximated fair market value.

On May 14, 2010, The Company paid a dividend of $9,000,000 to QBE Regional Companies (N.A), Inc.

11. Debt

Not Applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not Applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No Significant Changes

14. Contingencies

No Significant Changes

15. Leases

Not Applicable

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

Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

C. Wash Sales

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

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

Not Applicable

20. Other Items

No Significant Changes

21. Events Subsequent

No Significant Changes

22. Reinsurance

No Significant Changes

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Change in Incurred Losses and Loss Adjustment Expenses

No Significant Changes

25. Intercompany Pooling Arrangements

The Company is a participant in the Ninth Restatement Reinsurance Agreement, effective January 1, 2010 (Pooling Agreement). The Pooling Agreement includes other affiliated companies.

Participating Companies	NAIC Co Code	Pool %
• General Casualty Company of Wisconsin (GCW)**	24414	26.6%
• Regent Insurance Company (RGT)	24449	8.7%
• General Casualty Insurance Company (GCI)	18821	6.4%
• Hoosier Insurance Company (HIC)	27570	3.9%
• Blue Ridge Insurance Company (BRIC)	24503	1.5%
• Blue Ridge Indemnity Company (BRIN)	40754	1.0%
• National Farmers Union Property and Casualty Company (NFU)	16217	12.6%
• United Security Insurance Company (USIC)	21776	0.7%
• Southern Guaranty Insurance Company (SGIC)	19178	8.8%
• Southern Pilot Insurance Company (SPIC)	22861	1.7%
• Southern Fire and Casualty Company (SFACC)	22888	1.0%
• Unigard Insurance Company (UIC)	25747	24.2%
• Unigard Indemnity Company (UID)	25798	2.9%

**Lead company

All lines and types of insurance business of the companies are subject to the pooling agreement.

GCW, UIC, NFU and USIC cede a portion of their business to various non-affiliated reinsurers on a facultative basis and a portion of their business to affiliated and non-affiliated reinsurers for excess of loss and catastrophe coverage. These placements made by GCW are subsequent to the assumption of pooled business from subsidiaries. These placements made by UIC, NFU and USIC are prior to the cession to GCW under the pooling agreement.

26. Structured Settlements

No Significant Changes

27. Health Care Receivables

Not Applicable

28. Participating Policies

No Significant Changes

29. Premium Deficiency Reserves

Not Applicable

30. High Deductibles

Not Applicable

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No Significant Changes

32. Asbestos/Environmental Reserves

No Significant Changes

33. Subscriber Savings Accounts

Not Applicable

34. Multiple Peril Crop Insurance

Not Applicable

35. Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No [ ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [X] No [ ]

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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

4.2 If yes, provide name of 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 Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] N/A [X]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

6.2 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. 12/31/2007

6.3 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). 4/10/2009

6.4 By what department or departments?
State of Washington, Office of Insurance Commissioner

6.5 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 [ ]

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

7.1 Has this 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]

7.2 If yes, give full information:

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 the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

9.1 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.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
The Company's Code of Conduct was updated in March 2010. A statement was added which notes each employee's responsibility for identifying, mitigating and reporting risks that put company assets, business or reputation in jeopardy

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 6,712,293

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $ 0

13. Amount of real estate and mortgages held in short-term investments: $ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No [ ]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 22,349,200	$ 21,840,830
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 0	$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 22,349,200	$ 21,840,830
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Citibank	3800 Citibank Center, Building B, 2nd Floor, Tampa, FL 33610

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address
	Minster Court Asset Management Pty Limited	82 Pitt Street, Sydney, Australia

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

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [X] No [ ] N/A [ ]
   If yes, attach an explanation.
   See Note 25

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]
   If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]
3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [ ] No [X]
4.2 If yes, complete the following schedule:

1	2	3	Total Discount				Discount Taken During Period			
			4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Disc. Rate	Unpaid Losses	Unpaid LAE	IBNR	Total	Unpaid Losses	Unpaid LAE	IBNR	Total
						0				0
Total	XXX	XXX	0	0	0	0	0	0	0	0

5. Operating Percentages:
   5.1 A&H loss percent 0.0 %
   5.2 A&H cost containment percent 0.0 %
   5.3 A&H expense percent excluding cost containment expenses 0.0 %
6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]
6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0
6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]
6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (YES or NO)
All Other Insurers				
	AA-3190606	Aeolus Re Ltd.	Bermuda	NO
	AA-3190671	Lancashire Insurance Company Ltd.	Bermuda	NO
	AA-1120086	Lloyds Syndicate 4141	United Kingdom	YES
	AA-1126004	Lloyds Syndicate 4444	United Kingdom	YES
	AA-3190972	Sirius International Insurance Corp.	Bermuda	NO
	AA-1440076	Torus Insurance (Bermuda) Limited	Bermuda	NO

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written 2 Current Year to Date	3 Prior Year to Date	Direct Losses Paid (Deducting Salvage) 4 Current Year to Date	5 Prior Year to Date	Direct Losses Unpaid 6 Current Year to Date	7 Prior Year to Date
1. Alabama AL	N						
2. Alaska AK	L	127,817	101,180	1,033	9,589	35,229	7,243
3. Arizona AZ	L	3,468,501	2,928,127	1,126,847	4,294,175	5,910,448	3,852,689
4. Arkansas AR	N						
5. California CA	L	47,532,042	49,663,112	19,609,645	21,820,764	76,786,264	70,272,813
6. Colorado CO	L	92,088	57,200	18,940	7,850	624,769	178,866
7. Connecticut CT	N						
8. Delaware DE	N						
9. District of Columbia DC	N						
10. Florida FL	N						
11. Georgia GA	N						
12. Hawaii HI	N						
13. Idaho ID	L	7,534,401	7,830,813	6,796,582	2,937,207	7,148,952	8,853,677
14. Illinois IL	L	27,179	3,568				
15. Indiana IN	N						
16. Iowa IA	N						
17. Kansas KS	N						
18. Kentucky KY	N			1,513	1,729	12,303	6,500
19. Louisiana LA	N						
20. Maine ME	N						
21. Maryland MD	N						
22. Massachusetts MA	N						
23. Michigan MI	N						
24. Minnesota MN	N						
25. Mississippi MS	N						
26. Missouri MO	N						
27. Montana MT	L	2,763,396	2,821,668	1,203,683	840,585	2,108,472	1,321,571
28. Nebraska NE	N						
29. Nevada NV	L	365,691	650,995	481,332	177,548	950,118	860,058
30. New Hampshire NH	N						
31. New Jersey NJ	N						
32. New Mexico NM	L	24,596	22,141	2,793		154,506	155,394
33. New York NY	L			79,818	196,637	5,079,816	3,743,100
34. North Carolina NC	L						
35. North Dakota ND	L						
36. Ohio OH	L						
37. Oklahoma OK	N						
38. Oregon OR	L	15,056,701	14,521,136	6,235,646	8,882,311	15,441,563	17,342,229
39. Pennsylvania PA	L						
40. Rhode Island RI	N						
41. South Carolina SC	N						
42. South Dakota SD	N						
43. Tennessee TN	L			48,213	42,291	1,372,688	406,697
44. Texas TX	L						
45. Utah UT	L	5,896,845	6,083,064	3,308,064	3,208,517	5,639,810	5,274,516
46. Vermont VT	N						
47. Virginia VA	N						
48. Washington WA	L	34,838,171	35,813,130	22,888,151	18,692,746	50,736,515	49,740,860
49. West Virginia WV	L						
50. Wisconsin WI	L	2,477	1,215				
51. Wyoming WY	L					164,740	144,203
52. American Samoa AS	N						
53. Guam GU	N						
54. Puerto Rico PR	N						
55. US Virgin Islands VI	N						
56. Northern Mariana Islands MP	N						
57. Canada CN	N						
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59. Totals	(a) 22	117,629,706	120,502,349	61,800,160	61,111,979	172,166,198	162,160,316

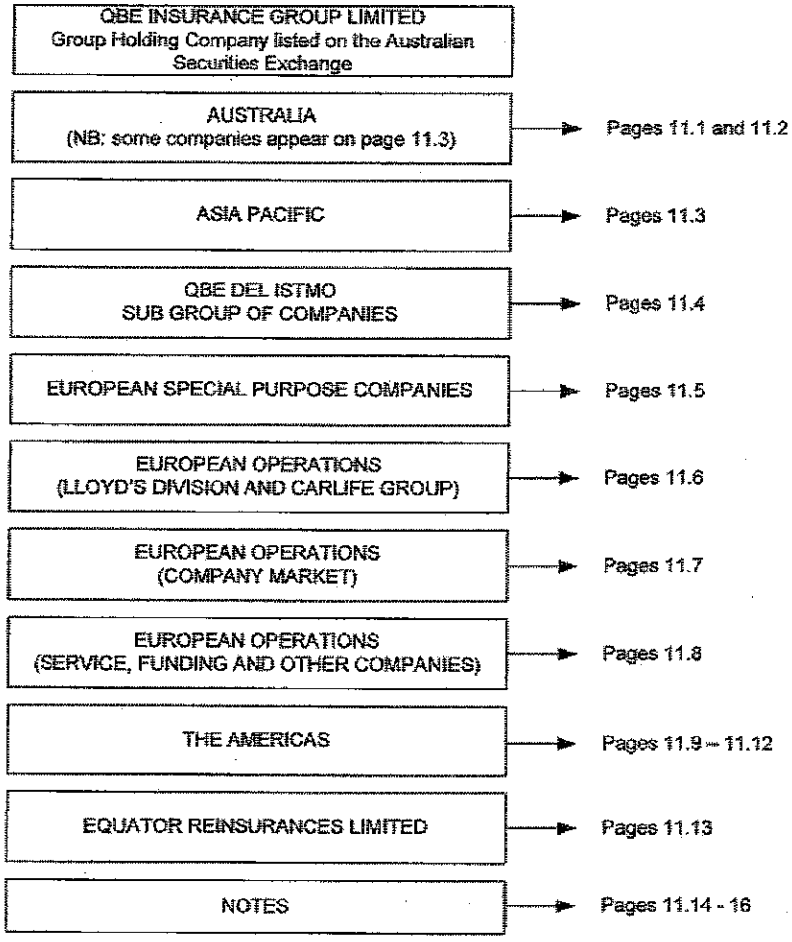
DETAILS OF WRITE-INS

5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0

(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.

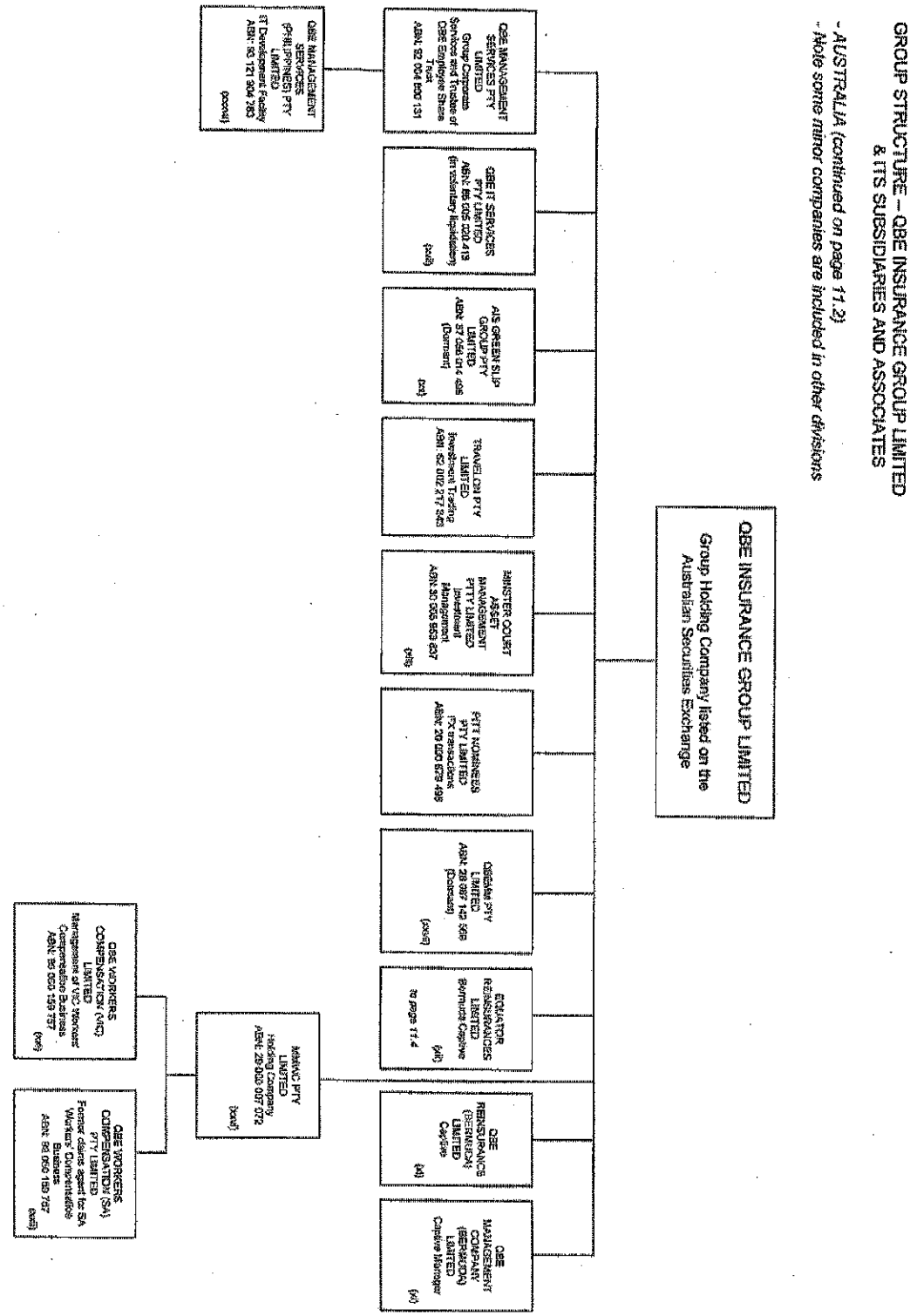
(a) Insert the number of L responses except for Canada and Other Alien.

GROUP AND REGIONAL STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES



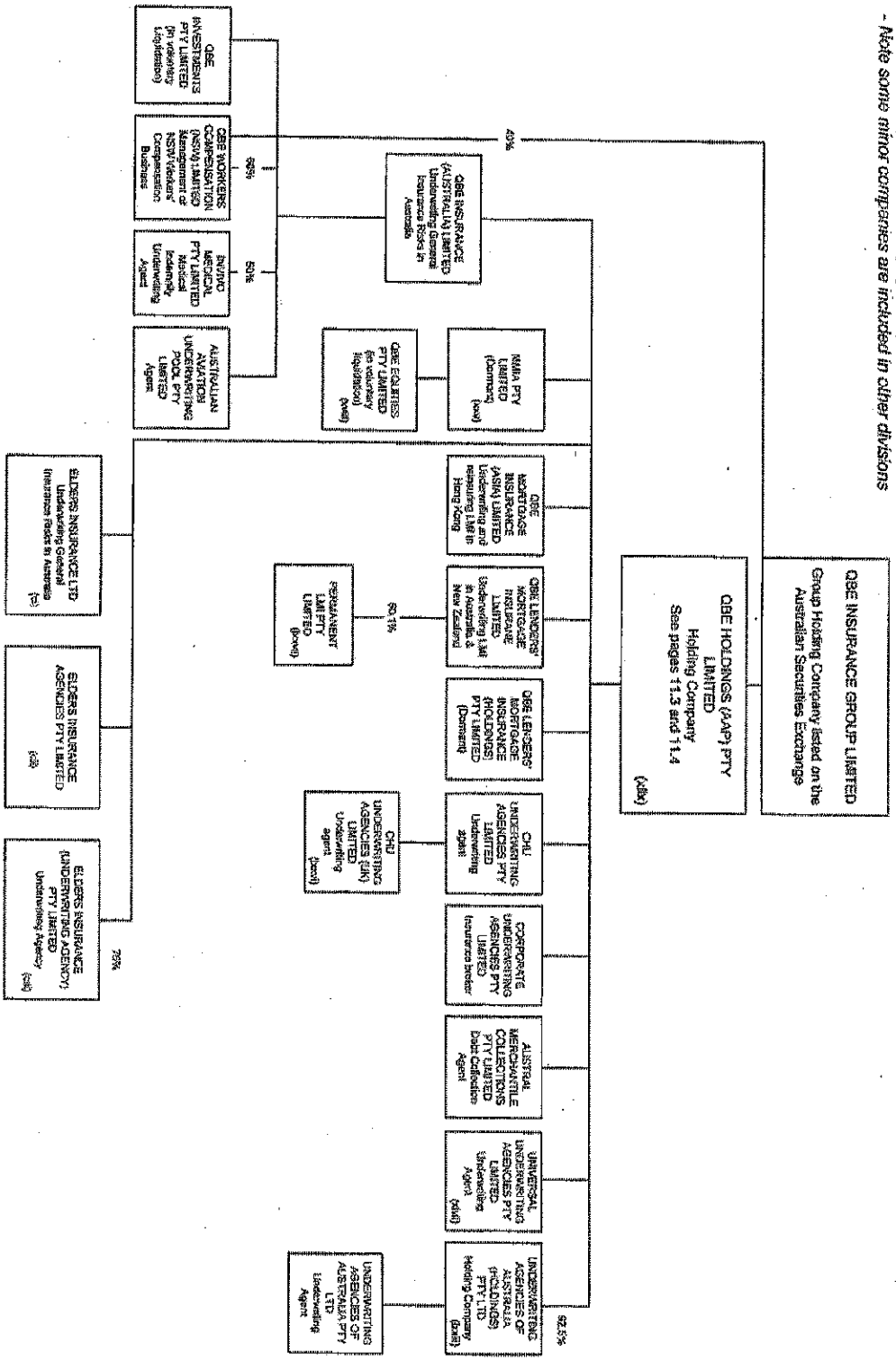
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- AUSTRALIA (continued on page 11.2)
- Note some minor companies are included in other divisions



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

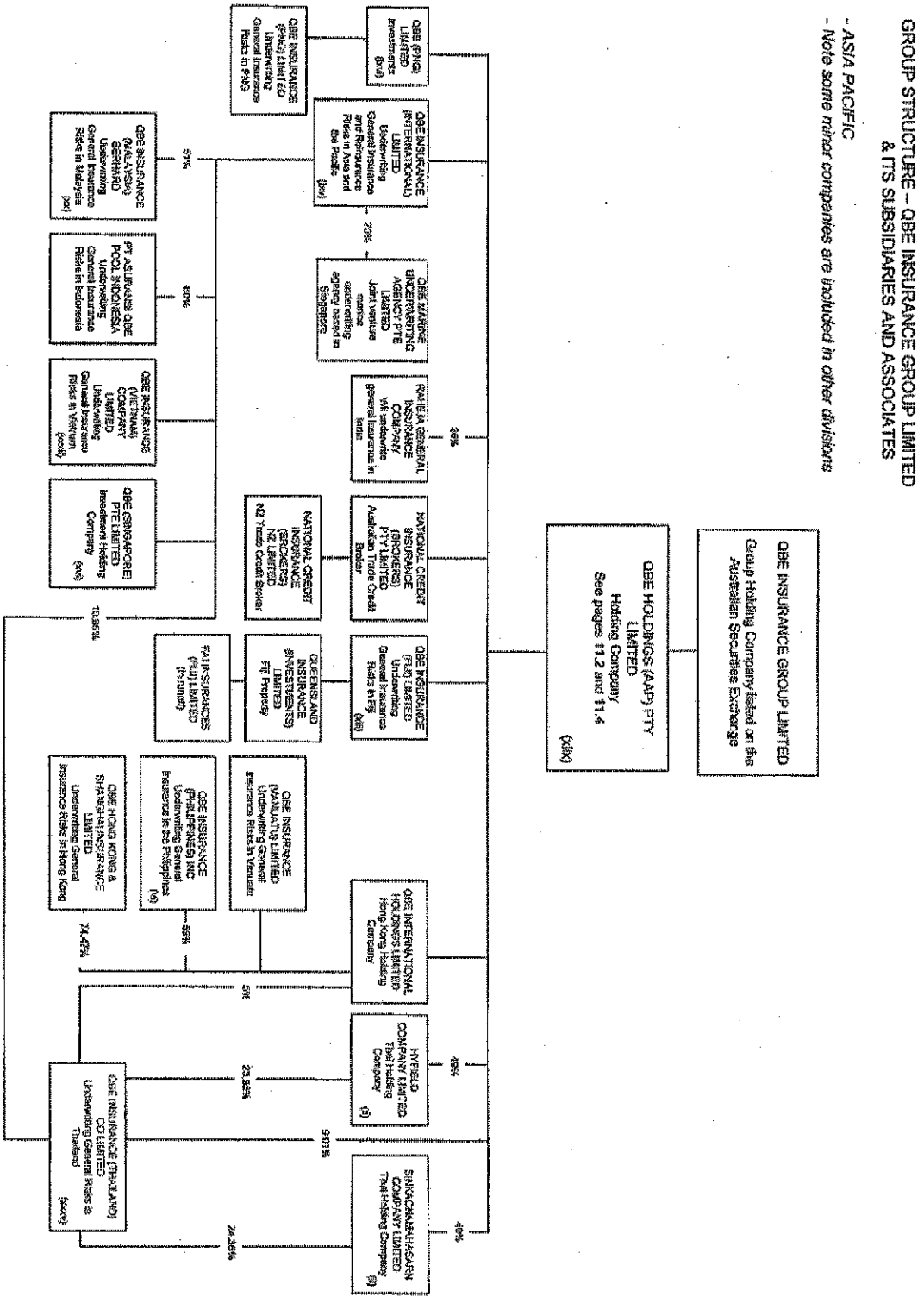
- AUSTRALIA (continued from page 11.1)
- Note some minor companies are included in other divisions



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

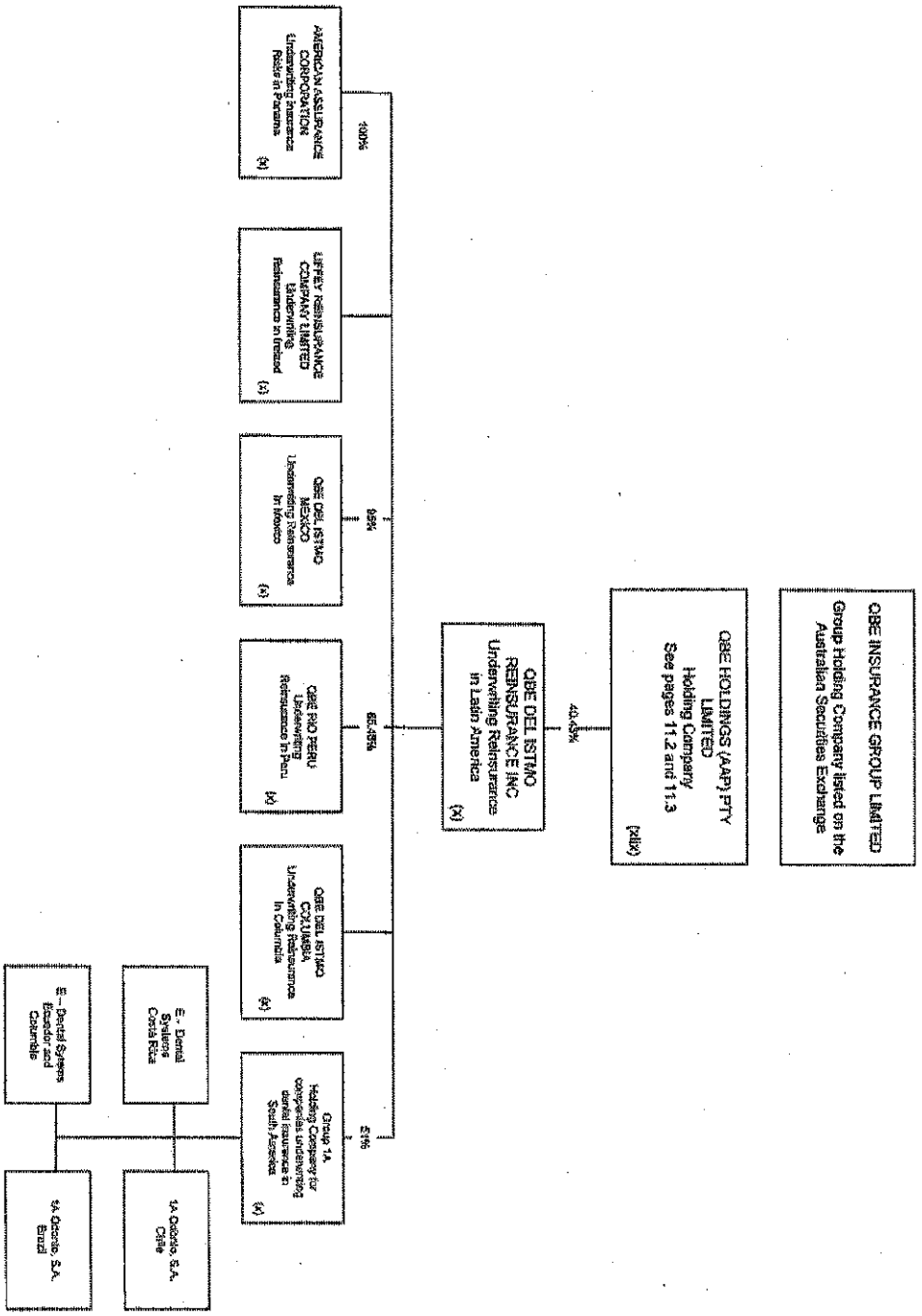
- ASIA PACIFIC

- Note some minor companies are included in other divisions



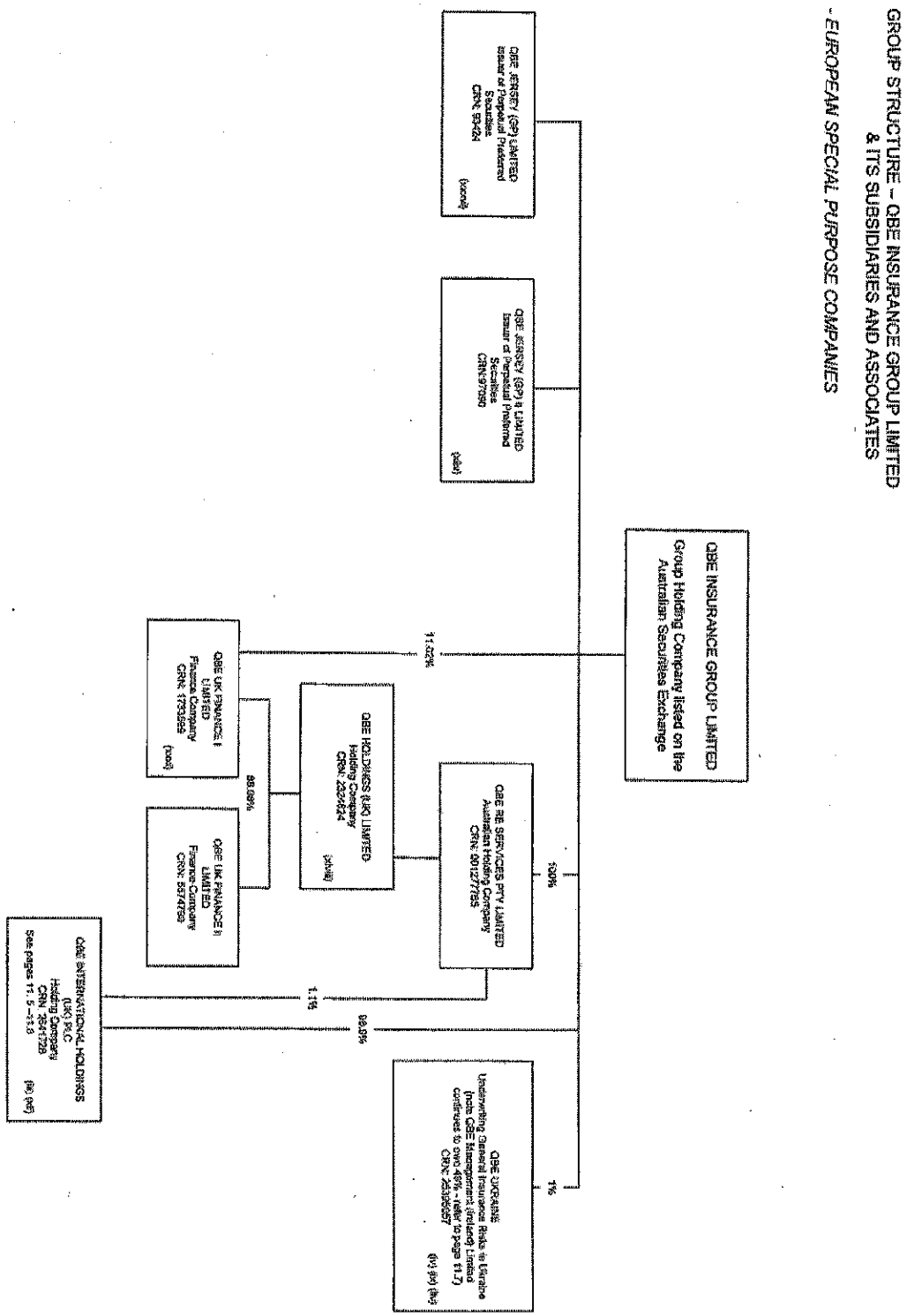
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

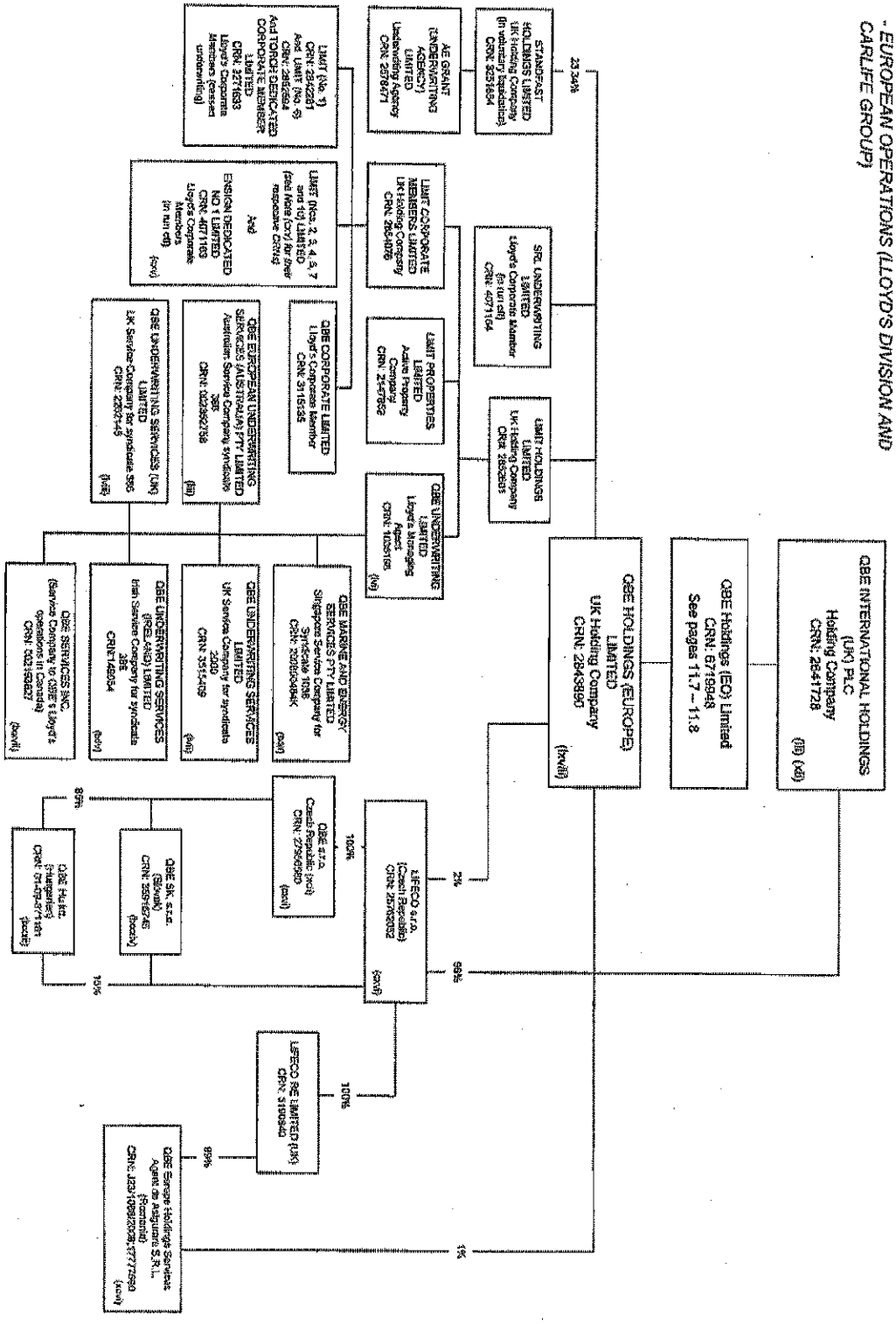
- QBE DEL ISTMO – SUB GROUP OF COMPANIES

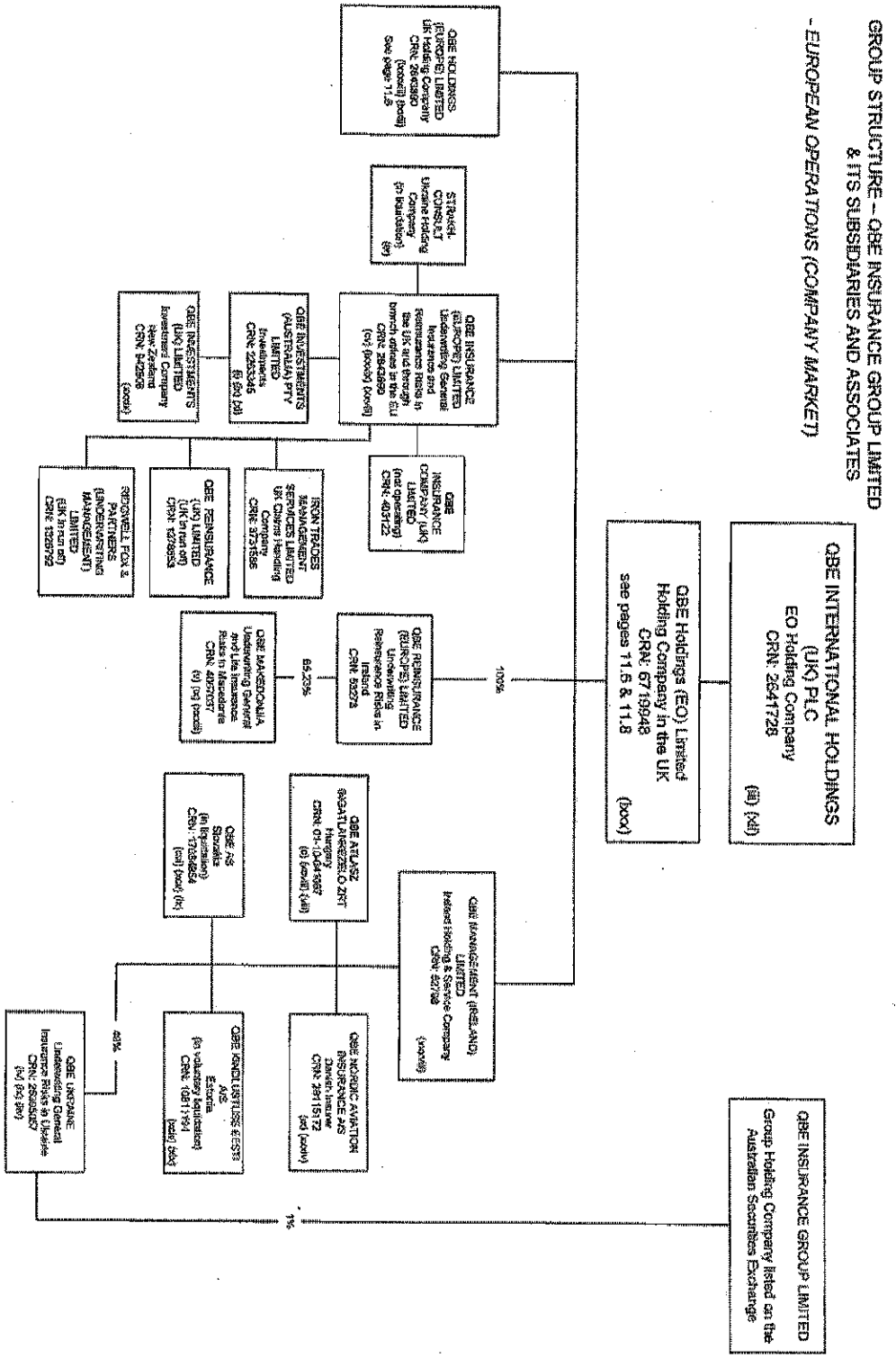


GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN SPECIAL PURPOSE COMPANIES

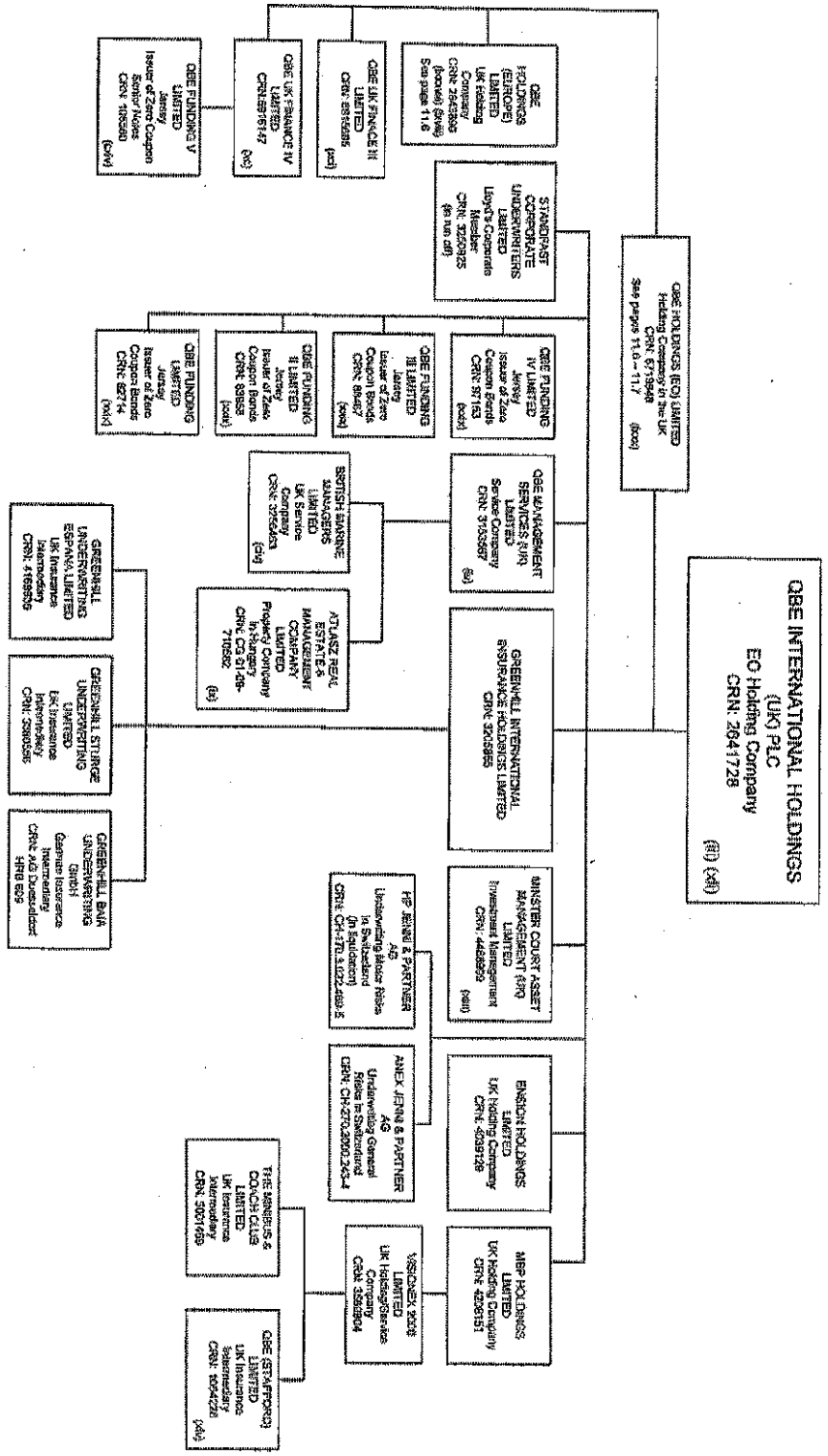



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES
- EUROPEAN OPERATIONS (LLOYD'S DIVISION AND CARLIFE GROUP)
QBE INTERNATIONAL HOLDINGS (UK) PLC
Holding Company
CRN: 2641728
QBE Holdings (EO) Limited
CRN: 6719948
See pages 11.7 – 11.8
QBE HOLDINGS (EUROPE) LIMITED
UK Holding Company
CRN: 2843890
STANDFAST HOLDINGS LIMITED
UK Holding Company (in voluntary liquidation)
CRN: 3251654
23.34%
AE GRANT (UNDERWRITING AGENCY) LIMITED
Underwriting Agency
CRN: 2576471
LIMIT (No. 1) CRN: 2542281
And LIMIT (No. 6) CRN: 2662564
And TORCH DESIGNATED CORPORATE MEMBER LIMITED
CRN: 2271633
Lloyd's Corporate Member (ceased underwriting)
SFDL UNDERWRITING LIMITED
Lloyd's Corporate Member (in run-off)
CRN: 4071164
LIMIT CORPORATE MEMBERS LIMITED
UK Holding Company
CRN: 2664076
LIMIT (Nos. 2, 3, 4, 5, 7 and 10) LIMITED
(also Nos. (cnr) for their respective CRNs)
3rd
EMSIGN DEDICATED NO. 1 LIMITED
CRN: 4071163
Lloyd's Corporate Member (in run-off)
(brvi)
LIMIT HOLDINGS LIMITED
UK Holding Company
CRN: 2662565
LIMIT PROPERTIES LIMITED
Active Property Company
CRN: 2147862
QBE UNDERWRITING LIMITED
Lloyd's Managing Agent
CRN: 1035105
(ltg)
QBE CORPORATE LIMITED
Lloyd's Corporate Member
CRN: 3116535
QBE EUROPEAN UNDERWRITING SERVICES (AUSTRALIA) PTY LIMITED
Australian Service Company syndicate 386
CRN: 002360788
(au)
QBE UNDERWRITING SERVICES (UK) LIMITED
UK Service Company for syndicate 386
CRN: 2262149
(ltdb)
QBE MARINE AND ENERGY SERVICES PTY LIMITED
Singapore Service Company for Syndicate 1036
CRN: 200504084K
(sin)
QBE UNDERWRITING SERVICES
UK Service Company for syndicate 2003
CRN: 3514409
(ltdb)
QBE UNDERWRITING SERVICES (IRELAND) LIMITED
Irish Service Company for syndicate 386
CRN: 146954
(ltdb)
QBE SERVICES INC.
(Service Company to QBE's Lloyd's operations in Canada)
CRN: 002156827
(bvivi)
QBE s.r.o.
Czech Republic (ecb)
CRN: 25366960
(ecv)
LEFECO s.r.o.
(Czech Republic)
CRN: 25758282
(ecv)
QBE Hunter (Hungaria)
CRN: 01-09-071181
(bcv)
QBE SK, s.r.o.
(Slovak)
CRN: 35816245
(bcv)
LEFECO RE LIMITED (UK)
CRN: 3190940
QBE Europe Holdings Services Agent de Assicurazione S.R.L.
(Romania)
CRN: J23/1088/2008, 27777260
(ecv)
100%
89%
15%
2%
98%
100%
99%
1%


GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES
- EUROPEAN OPERATIONS (COMPANY MARKET)
QBE INTERNATIONAL HOLDINGS (UK) PLC
EO Holding Company
CRN: 2641728
QBE Holdings (EO) Limited
Holding Company in the UK
CRN: 6719948
see pages 11.5 & 11.8
QBE INSURANCE GROUP LIMITED
Group Holding Company listed on the Australian Securities Exchange
QBE HOLDINGS (EUROPE) LIMITED
UK Holding Company
CRN: 2640850
(bbbb) (bbbb)
See page 11.6
STRAKHI-CONSULT
Ukraine Holding Company
(in liquidation)
(dr)
QBE INSURANCE (EUROPE) LIMITED
Underwriting General Insurance and Reinsurance Risks in the UK and through branch offices in the EU
CRN: 2562869
(cc) (bbbb) (xxxx)
QBE INSURANCE COMPANY (UK) LIMITED
(not operating)
CRN: 401122
QBE INVESTMENTS (AUSTRALIA) PTY LIMITED
Investment Company
CRN: 2253345
(b) (bb) (bb)
QBE INVESTMENTS (UK) LIMITED
Investment Company
New Zealand
CRN: 8425R
(xxxx)
IRON TRADES MANAGEMENT SERVICES LIMITED
UK Claims Handling Company
CRN: 3751585
QBE REINSURANCE (UK) LIMITED
(UK branch off)
CRN: 1278954
RENSHELL FOX & PARTNERS (UNDERWRITING MANAGEMENT) LIMITED
(UK branch off)
CRN: 1256752
QBE REINSURANCE (EUROPE) LIMITED
Underwriting Reinsurance Risks in Ireland
CRN: 83278
100%
QBE MACEDONIJA
Underwriting General and Life Insurance Risks in Macedonia
CRN: 4057037
(b) (bb) (bbbb)
85.25%
QBE MANAGEMENT (IRELAND) LIMITED
Indirect Holding & Service Company
CRN: 427798
(xxxxbb)
QBE AS
Slovakia
(in liquidation)
CRN: 17258654
(cc) (bbbb) (bb)
QBE ATLASZ BIZTOSITO ZRT
Hungary
CRN: 01-10-041667
(b) (bbbb) (bb)
QBE NORDIC AVIATION INSURANCE AS
Danish branch
CRN: 29115172
(cc) (bbbb)
QBE UNDERWRITING
Underwriting General Insurance Risks in Lithuania
CRN: 2582/3267
(bb) (bb) (bb)
QBE INCIL USTUSE EESTI AS
Estonia
(in voluntary liquidation)
CRN: 10811164
(bbbb) (bbb)
49%
1%

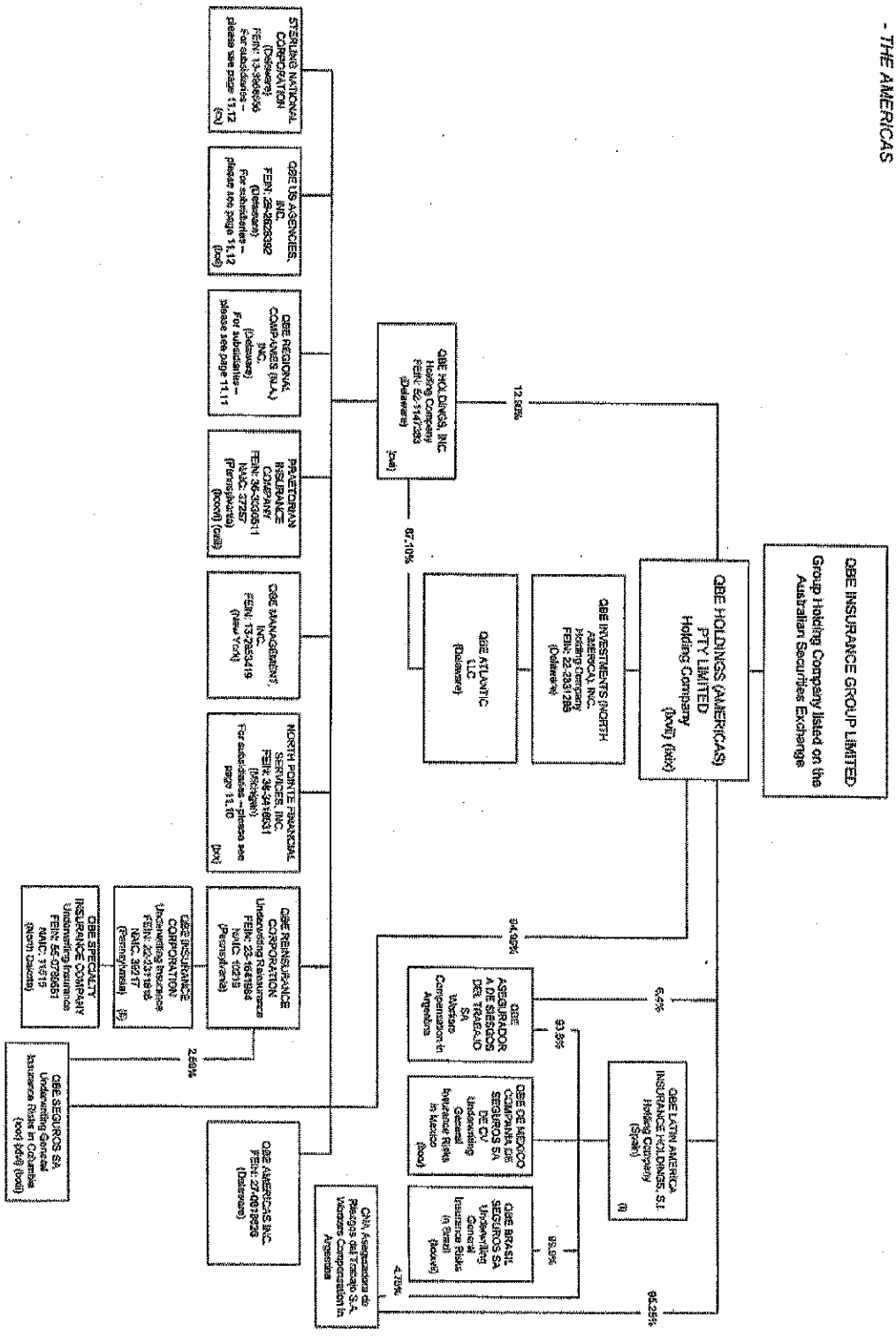
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (SERVICE, FUNDING AND OTHER COMPANIES)



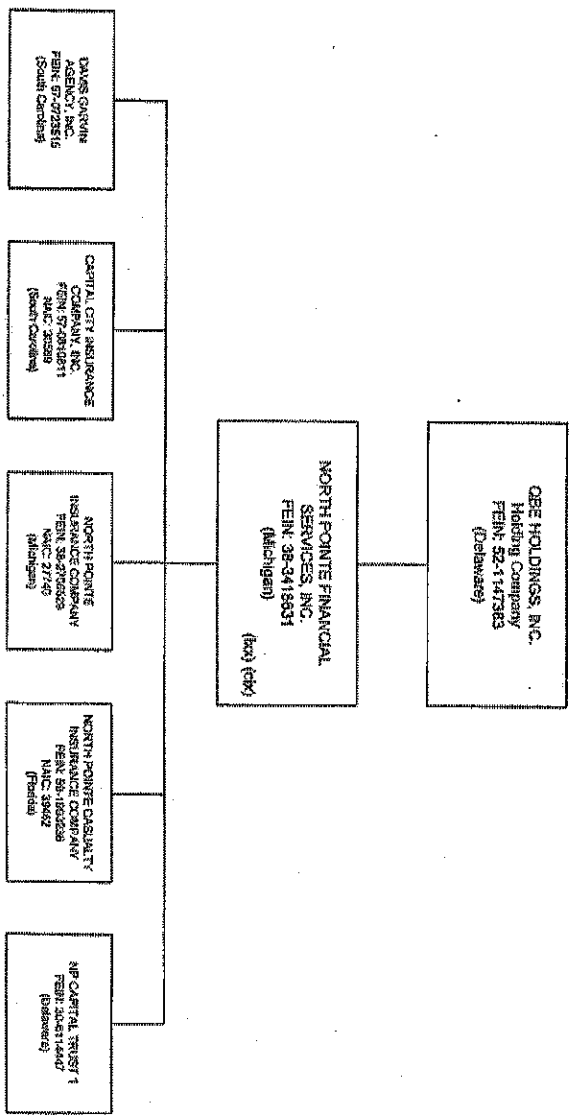
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS



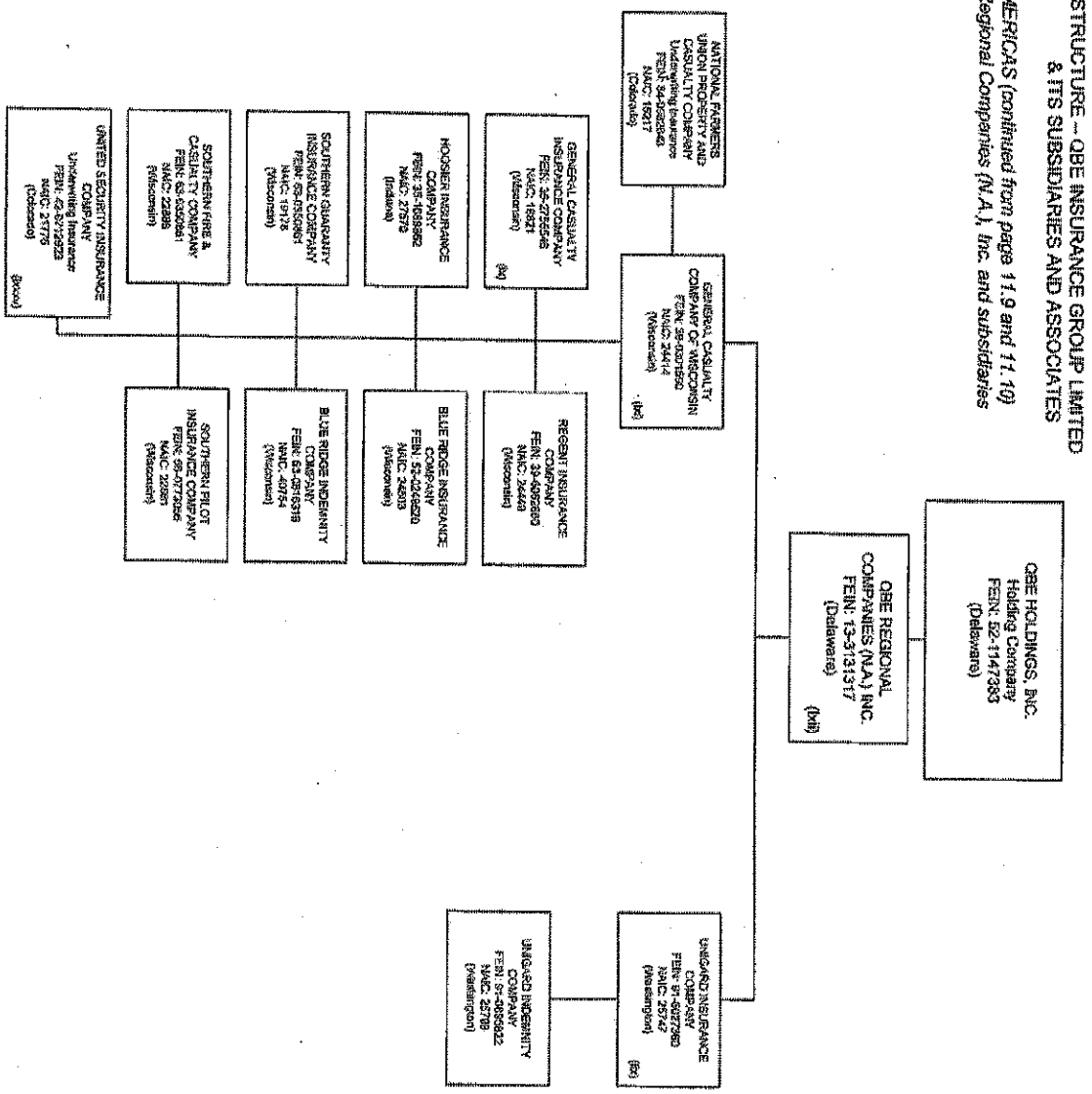
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9)
North Pointe subsidiaries of QBE Holdings, Inc.



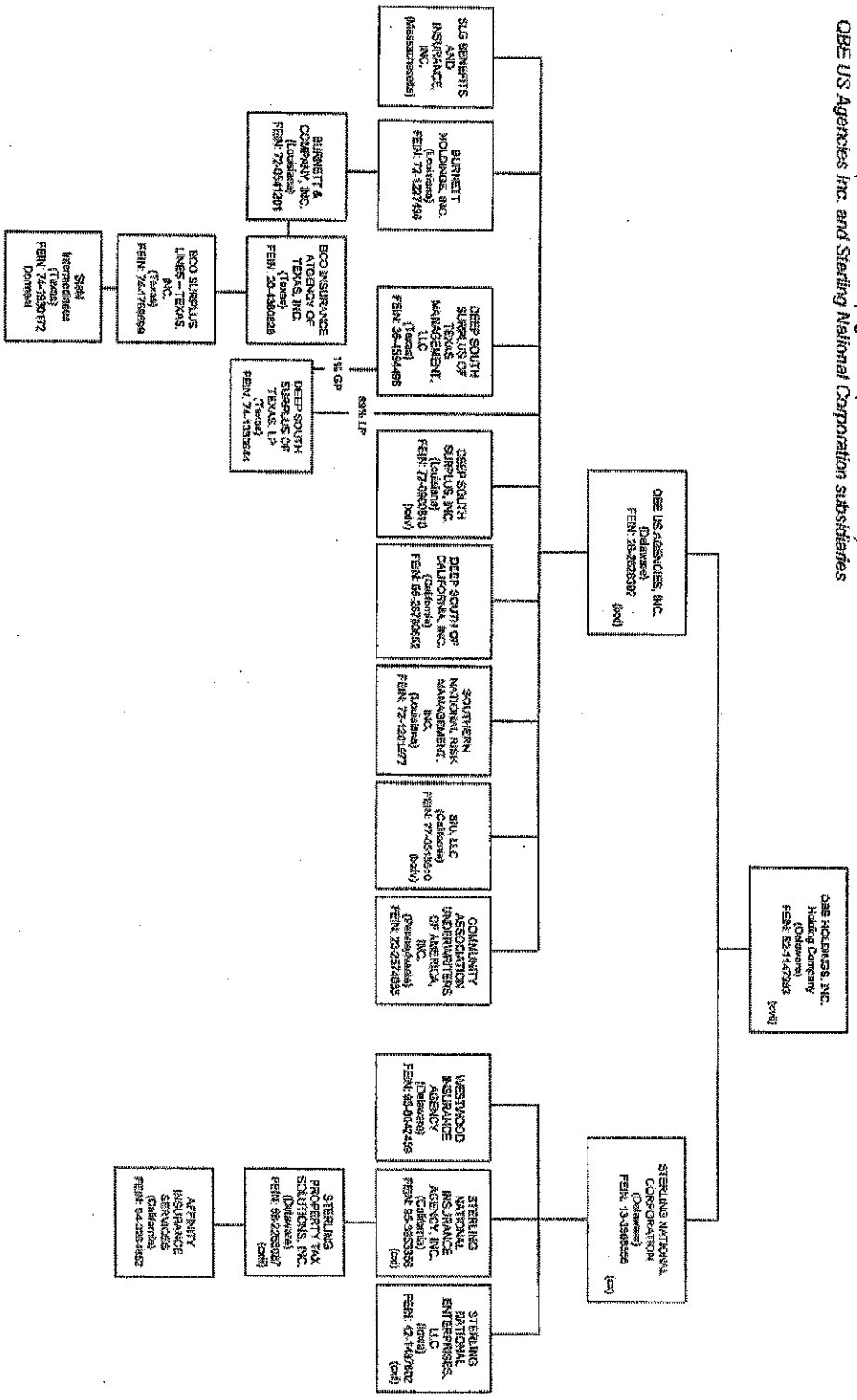
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9 and 11.10)
QBE Regional Companies (N.A.), Inc. and subsidiaries



GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 11.9, 11.10 and 11.11)
QBE US Agencies Inc. and Sterling National Corporation subsidiaries



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EQUATOR REINSURANCES

Notes to be read in conjunction with the QBE Group and Regional Structures (continued next page)

(i) - Access shares held by QBE Insurance Group Limited
(ii) - Unrelated Thai company (Bom to Win Company Ltd) and its associates own 51% of shares.
(iii) - Preference shares held by QBE UK Finance II Limited
(iv) - Total Group Holdings = 50%
(v) - QBE has 73.5% of the voting rights with its shareholding
(vi) - 59% held directly; 16% held by a Filipino law firm
(vii) - Part of European Operations. Company changed name to QBE Atlasz Biztosito ZRT (30 September 2005), then to Stefania Biztosito Zrt (1 January 2009) and then to QBE Atlasz Ingatlankezelo Zrt (4 August 2009)
(ix) - Part of European Operations
(x) - Part of the Americas – sub-group includes QBE Del Istmo Mexico (95%), QBE Rio Peru (80%), QBE Del Ismo Columbia (100%), American Assurance Corp. (100%), Group 1A (51%) and Seguros Carabobo SA Venezuela (15%) was previously part of this American sub-group until sold in 2005 to "Econoinvest" (a Venezuelan company).
(xi) - Part of the Americas
(xii) - Managed in Dublin as a separate division
(xiii) - Formerly Queensland Insurance (Fiji) Limited (29 April 2004)
(xiv) - Formerly Tolson Messenger Limited (2004)
(xv) - Formerly Australian Aviation Insurance Group (Agency) PTY Ltd (1 July 2004)
(xvi) - Formerly Zurich Insurance (Singapore) Pte Ltd (14 April 2005)
(xvii) - Formerly Insure IT Services Pty Ltd (05 November 2004)
(xviii) - Acquired the balance of Concord Agency Companies in July 2006 other than Underwriting Marketing Services Pty Limited
(xix) - Changed its name to QBE Kindlustuse Eesti AS on 20 April 2005 – acquired 7 April 2006
(xx) - Formerly QBE-MBF Insurance Berhad (31 December 2004)
(xxi) - Formerly Mercantile Mutual WorkSure Limited (14 February 2005)
(xxii) - Formerly Mercantile Mutual Insurance (SA Workers Compensation) Limited (14 February 2005)
(xxiii) - Formerly Mercantile Equities Pty Limited (8 March 2005)
(xxiv) - The following have merged with Deep South Surplus, Inc. (Louisiana): on 14 May 2009 – DSS of Georgia, Inc., DSS of Tennessee, Inc., DSS of Colorado, Inc., DSS of Ohio, Inc., DSS of Florida, Inc. and DS Connecticut, Inc.; on 26 May 2009 DSS of New Mexico, Inc.; on 22 September 2009, DSS of Arkansas, Inc.; and on 23 September 2009, DS of Oklahoma, Inc.
(xxv) - Formerly Mercantile Mutual Insurance (Australia) Limited (15 April 2005)
(xxvi) - Formerly Mercantile Mutual Insurance (Workers Compensation) Limited (15 April 2005)
(xxvii) - Formerly QBE Mercantile Mutual Limited (5 May 2005)
(xxviii) - Formerly QBE International Insurance Limited (30 September 2005)
(xxix) - SPVs utilised in LYONs and SCS transactions through, respectively, QBE Funding Trust (LYONs), QBE Funding Trust II (LYONs II), QBE Funding Trust III (SCS aka LYONs III) and QBE Funding Trust IV (LYONs IV)
(xxx) - Compania Central de Seguros de Vida SA, former subsidiary, was merged into Compania Central de Seguros SA on 30 November 2005
(xxxi) - Formerly Sandsale Limited (30 November 2005)
(xxxii) - Sale of 50% interest in separate legal entity, BIDV-QBE Insurance Company occurred simultaneously with this acquisition. Previously Allianz General Insurance (Vietnam) Co. Ltd. completed 1 Jan 2006
(xxxiii) - Formerly owned by QBE Insurance (Europe) Limited
(xxxiv) - Formerly Nordic Aviation Insurance A/S – completion occurred 30 March 2006
(xxxv) - Born to Win Company Ltd holds 19.25% directly
(xxxvi) - SPV utilised in Perpetual Preferred Securities issue through QBE Capital Funding LP
(xxxvii) - QBE Management Services (Philippines) Pty Ltd incorporated in NSW (25 September 2006)
(xxxviii) - Universal Management Limited changed its name to QBE Management (Ireland) Limited on 3 October 2006
(xxxix) - QBE Workable Limited changed its name to QBE Investments (UK) Limited on 29 December 2006
(xl) - Queensland Insurance (Australia) Pty Limited changed its name to QBE Investments (Australia) Pty Limited on 5 January 2007
(xli) - QBE Re Services Pty Ltd owns one ordinary share
(xlii) - QBE Finance Pty Limited changed its name to Minster Court Asset Management Pty Ltd on 2 February 2007
(xliii) - Minster Court Asset Management Limited changed its name to Minster Court Asset Management (UK) Limited on 19 February 2007
(xliv) - SPV utilised in April 2007 Perpetual Preferred Securities issue through QBE Capital Funding LP II
(xlv) - Minibus Plus Ltd changed its name to QBE (Stafford) Ltd on 9 July 2007
(xlvi) - Compania Central de Seguros changed its name to QBE Seguros SA on 31 March 2007
(xlvii) - Universal Underwriting Agencies Pty Limited acquired 31 August 2007
(xlviii) - QBE Holdings (UK) Limited now owns one ordinary share on 4 September 2007

Note: all shareholdings are 100% unless specified

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xlix) - QBE International (Investments) Pty Limited changed its name to QBE Holdings (AAP) Pty Limited on 12 September 2007
(l) - QBE Latin America Insurance Holdings, S.L. capitalised on 21 September 2007
(li) - QBE Insurance Corporation (the Americas) purchased the entire issued share capital of Cumbre Seguros de Mexico, S.A. de C.V. on 1 November 2007
(lii) - British Marine Holdings Limited changed its name to Equator Re (Australia) Limited on 14 November 2007
(liii) - DA Constable Syndicate Pty Limited changed its name to QBE European Underwriting Services Australia Pty Limited on 22 November 2007
(liv) - QBE – UGPB changed its name to QBE UKRAINE on 23 November 2007
(lv) - QBE Management (UK) Limited changed its name to QBE Management Services (UK) Limited on 31 December 2007
(lvi) - Limit Underwriting Limited changed its name to QBE Underwriting Limited on 31 December 2007
(lvii) - Limit Technology and Commercial Underwriting Limited changed its name to QBE Underwriting Services Limited on 31 December 2007
(lviii) - DA Constable Syndicate Limited changed its name to QBE Underwriting Services (UK) Limited on 31 December 2007
(lix) - Unigard Pacific Insurance Company merged into Unigard Insurance Company on 31 December 2007
(lx) - General Casualty Company of Illinois redomiciled to Wisconsin and changed its name to General Casualty Insurance Company on 31 December 2007
(lxi) - Masswest Insurance Company merged into General Casualty Company of Wisconsin on 31 December 2007
(lxii) - Unigard Inc. QBE US Investment Management Corp., Republic Financial Services, Inc. (NV), Republic Financial Services, Inc. (TX), and QBE North American Management, Inc. merged into QBE Regional Companies (N.A.) Inc. on 31 December 2007
(lxiii) - QBE Marine and Energy Services PTE Limited incorporated in Singapore on 7 January 2008
(lxiv) - DA constable Syndicate (Ireland) Limited changed its name to QBE Underwriting Services (Ireland) Limited on 16 January 2008
(lxv) - Countries of operation include French Polynesia, Macau, New Caledonia, New Zealand, Singapore and Solomon Islands
(lxvi) - Ownership transferred from QBE Insurance Group Limited to QBE Holdings (AAP) Pty Limited on 13 March 2008
(lxvii) - 100% shareholding in then named QBE Australia Pty Limited was transferred from QBE Re Services Pty Limited to QBE Insurance Group Limited on 26 March 2008
(lxviii) - Limit PLC changed its name to QBE Holdings (Europe) Limited and was re-registered as a private company on 7 April 2008
(lxix) - QBE Australia Pty Limited changed its name to QBE Holdings (Americas) Pty Limited on 23 April 2008
(lxx) - North Pointe Holdings Corporation merged into North Pointe Financial Services, Inc. effective 1 October 2008
(lxxi) - QBE US Agencies Inc. incorporated on 16 April 2008, acquired Deep South companies on 2 June 2008
(lxxii) - 94.99% shareholding in QBE Seguros SA transferred to QBE Latin America Insurance Holdings, S.L. on 30 June 2008 – the remaining 2.34% owned by many minority shareholders
(lxxiii) - 90% of Sanderson Insurance Brokers Pty Limited (SIB) acquired on 1 July 2008 together with its wholly owned subsidiary, Underwriting Agencies of Australia Pty Limited. SIB changed its name to Underwriting Agencies of Australia (Holdings) Pty Ltd on 28 January 2009
(lxxiv) - QBE US Agencies acquired SIU, LLC on 1 July 2008
(lxxv) - Cumbre Compania de Seguros SA de CV changed its name to QBE de Mexico Compania de Seguros SA de CV on 6 August 2008
(lxxvi) - CHU Underwriting Agencies (UK) Ltd was incorporated on 27 August 2008
(lxxvii) - Permanent is a joint venture between QBE Lenders' Mortgage Insurance Limited ("QBE LMI") and Heritage Building Society ("Heritage") of which QBE LMI owns 50.1% and Heritage owns 49.9%. The joint venture operates in substance as a distribution vehicle through Heritage.
(lxxviii) - Incorporated on 1 January 2009
(lxxix) - Transfer effective 31 December 2008
(lxxx) - Incorporated under name of Hackremco (No. 2584) Limited on 9 October 08 and changed name to QBE Holdings (EO) Limited on 11 November 2008
(lxxxi) - QBE Pacific Insurance Limited was amalgamated with QBE Insurance (PNG) Limited on 1 December 2008 to become one entity named QBE Insurance (PNG) Limited
(lxxxii) - Carlife Idt changed name to QBE Hu Idt on 19 March 2009
(lxxxiii) - Carlife PMP s.r.o. and Credilife CZ s.r.o. merged into Carlife Direct s.r.o. on 19 March 2009
(lxxxiv) - Carlife SK, s.r.o. changed name to QBE SK, s.r.o. on 10 March 2009
(lxxxv) - Effective 1 January 2009 the company is a subsidiary of General Casualty Company of Wisconsin. This was done via an extraordinary dividend by National Farmers Union Property and Casualty Company
(lxxxvi) - Praetorian Specialty Insurance Company, i.e. a prior subsidiary of Praetorian Insurance Company was sold as of 17 February 2009. Praetorian Insurance Company redomiciled to Pennsylvania effective 29 July 2009
(lxxxvii) - The 0.01% (1 share) is owned by Alessandro Jarzymski (CEO of QBE Brazil)
(lxxxviii) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd on 3 July 2009
(lxxxix) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd 3 July 2009
(xc) - Incorporated on 27 May 2009
(xci) - Incorporated on 27 May 2009
(xcii) - Carlife Direct s.r.o. changed its name to QBE s.r.o. on 7 April 2009
(xciii) - Business transferred to QBE Insurance (Europe) Ltd Hungary Branch on 1 October 2008
(xciv) - Business transferred to QBE Insurance (Europe) Ltd Estonia Branch on 1 November 2008
(xcv) - QBE Polstovna, a.s. changed its name to QBE, a.s. on 5 May 2008
(xcvi) - Carlife SRL changed its name to QBE Europe Holdings Agent de Asigurare S.R.L. on 18 May 2009
(xcvii) - Carlife Sp. Z.o.o. changed its name to QBE PL Sp. Z.o.o. on 9 March 2009

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xcviii) - Name changed from Stefanie Biztosito Zrt to QBE Alfasz Ingatlankezelo Zrt on 4 August 2009

(xcix) - The following companies have dissolved: QBE Corporate Holdings Limited – 2 August 2009; QBE Corporate Capital Holdings plc – 2 August 2009; Energy Insurance Services Limited – 5 August 2009; Icon Schemes Limited – 5 August 2009

(c) - Alfasz Ueu Kft was de-registered on 3 August 2009

(ci) - Acquired 30 September 2009

(cii) - Acquired 30 September 2009

(ciii) - Incorporated 14 August 2009. Joint Venture General Insurance Underwriting Agency – owned 75% by QBE Holdings (AAP) Pty Limited and 25% by Elders Rural Services Australia Limited.

(civ) - Transfer of ownership of British Marine Managers Ltd from Equator Re (Australia) Limited to QBE Management Services (UK) Limited on 26 January 2010

(cv) - British Marine Holdings II S.A., British Marine Holdings S.A. and British Marine Luxembourg S.A. merged into QBE Insurance (Europe) Limited on 31 March 2010 by Court Order

(cvi) - Ceased underwriting business 3 June 2009. Now dormant company.

(cvii) - Praetorian Financial Group Inc. (Delaware) merged into QBE Holdings, Inc. effective 31 March 2010

(cviii) - Redland Insurance Company merged into Praetorian Insurance Company effective 31 March 2010

(cix) - Capital City Holding Company, Inc. (South Carolina) merged into North Pointe Financial Services, Inc. on 1 January 2010

(cx) - ZC Sterling Corporation name changed to Sterling National Corporation effective 22 February 2010

(cxi) - ZC Sterling Insurance Agency, Inc. name changed to Sterling National Insurance Agency, Inc. effective 1 April 2010

(cxii) - Bro Enterprises LLC name changed to Sterling National Enterprises, LLC effective 23 February 2010

(cxiii) - ZC Real Estate Tax Solutions Limited name changed to Sterling Property Tax Solutions, Inc. effective 22 February 2010

(cxiv) - QBE Funding V Limited incorporated on 26 April 2010 in Jersey

(cxv) - Limit No. 2 CRN: 2842277, Limit No. 3 CRN: 2842272, Limit No. 4 CRN: 2852608, Limit No. 5 CRN: 2852600, Limit No. 7 CRN: 2852608, Limit No. 10 CRN: 2852604.

(cxvi) - QBE PL Sp. Z.o.o. disposed on 14 May 2010 to third party

(cxvii) - Equator Re (Australia) Limited was amalgamated with Equator Re Reinsurances Limited on 11 June 2010

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date 1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	4 Prior Year to Date Direct Loss Percentage
1. Fire	4,619,896	1,431,654	31.0	23.3
2. Allied lines	3,288,438	2,901,364	88.2	63.2
3. Farmowners multiple peril	5,163,427	2,595,873	50.1	60.2
4. Homeowners multiple peril	9,976,106	4,782,550	47.9	52.2
5. Commercial multiple peril	31,776,905	21,725,706	68.4	35.3
6. Mortgage guaranty			0.0	
8. Ocean marine		(71)	0.0	
9. Inland marine	1,380,880	11,784	0.9	18.3
10. Financial guaranty			0.0	
11.1. Medical professional liability - occurrence			0.0	
11.2. Medical professional liability - claims-made			0.0	
12. Earthquake	269,721	(13,682)	(5.0)	(0.4)
13. Group accident and health			0.0	
14. Credit accident and health			0.0	
15. Other accident and health			0.0	
16. Workers' compensation		(528,419)	0.0	
17.1 Other liability-occurrence	9,622,183	2,203,639	22.9	22.5
17.2 Other liability-claims made			0.0	
17.3 Excess workers' compensation			0.0	
18.1 Products liability-occurrence	190,704	(31,990)	(16.8)	(11.8)
18.2 Products liability-claims made			0.0	
19.1, 19.2 Private passenger auto liability	19,204,961	12,078,423	62.9	66.5
19.3, 19.4 Commercial auto liability	19,418,433	8,818,608	45.4	45.8
21. Auto physical damage	16,667,254	7,908,420	47.4	46.5
22. Aircraft (all perils)			0.0	
23. Fidelity	10,105	(1,454)	(14.4)	(18.3)
24. Surety			0.0	
26. Burglary and theft	5,295	(31)	(0.6)	(31.1)
27. Boiler and machinery			0.0	
28. Credit			0.0	
29. International			0.0	
30. Warranty			0.0	
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	
35. Totals	121,614,298	63,882,474	52.5	44.4
DETAILS OF WRITE-INS				
3401.			0.0	
3402.			0.0	
3403.			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire	1,938,825	3,816,696	4,269,121
2. Allied lines	1,335,812	2,653,658	2,987,205
3. Farmowners multiple peril	2,562,833	5,364,027	6,321,050
4. Homeowners multiple peril	5,597,866	9,946,364	9,255,193
5. Commercial multiple peril	17,803,219	31,198,330	31,365,545
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	727,530	1,292,666	1,491,312
10. Financial guaranty			
11.1 Medical professional liability - occurrence			
11.2 Medical professional liability - claims-made			
12. Earthquake	129,801	251,555	266,402
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			(1)
17.1 Other liability-occurrence	5,103,345	9,126,971	9,574,359
17.2 Other liability-claims made			
17.3 Excess workers' compensation			
18.1 Products liability-occurrence	65,195	138,746	164,728
18.2 Products liability-claims made			
19.1 19.2 Private passenger auto liability	9,436,185	19,237,320	18,927,546
19.3 19.4 Commercial auto liability	11,355,251	19,181,441	19,930,909
21. Auto physical damage	7,831,539	15,605,297	16,980,299
22. Aircraft (all perils)			
23. Fidelity	5,253	9,607	6,244
24. Surety			
26. Burglary and theft	3,965	9,028	3,438
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. Totals	63,899,619	117,829,706	120,502,349
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0

Statement for June 30, 2010 of the **Unigard Insurance Company**

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2010 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2010 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2010 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 6 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2007 + Prior	103,065	32,274	136,139	22,569	320	22,889	53,473	2,550	23,946	109,769	2,177	(5,656)	(3,481)
2. 2008	39,197	8,555	47,752	5,444	109	5,553	32,713	504	7,372	40,589	1,960	(570)	1,390
3. Subtotals 2008 + Prior	143,062	40,829	183,891	31,013	429	31,442	116,186	3,654	31,318	150,358	4,137	(6,228)	(2,091)
4. 2009	51,051	25,160	76,211	19,401	3,412	22,813	35,891	4,831	10,528	52,350	5,241	(6,239)	(1,048)
5. Subtotals 2009 + Prior	194,113	65,989	260,102	50,414	3,841	54,255	153,077	7,685	41,945	202,708	9,378	(12,517)	(3,139)
6. 2010	XXX	XXX	XXX	XXX	30,348	30,348	XXX	25,141	23,591	49,832	XXX	XXX	XXX
7. Totals	194,113	65,989	260,102	50,414	34,189	84,603	153,077	33,826	65,537	252,540	9,378	(12,517)	(3,139)
8. Prior Year-End's Surplus As Regards Policyholders	188,361										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 4.8 %	2. (19.0)%	3. (1.2)%
													Col. 13, Line 7 Line 8
													4. (1.7)%

Statement for June 30, 2010 of the **Unigard Insurance Company**

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.
2.
3.

Bar Code:

Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
2404. Automated check suspense	261,981	261,981	0	
2405. Receivable from non affiliate	855,970		855,970	685,685
2406. Accounts and notes receivable	309,818	310,134	(216)	(32)
2407. Other Assets	57,202		57,202	
2497. Summary of remaining write-ins for Line 24	1,485,071	572,115	912,956	685,653

Additional Write-ins for Liabilities:

	1 Current Statement Date	2 December 31, Prior Year
2404. Retrospective Premium accrued	1,343,616	1,347,008
2405. Escheat reserve	85,708	91,265
2406. Class action lawsuit liability	118,844	126,418
2497. Summary of remaining write-ins for Line 24	1,548,166	1,564,691

Additional Write-ins for Statement of Income:

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
3704. Additional admitted deferred tax assets	(963,597)		4,626,026
3705. Reclassification of additional admitted deferred tax assets to special surplus funds	963,597		(4,626,026)
3797. Summary of remaining write-ins for Line 37	0	0	0

SCHEDULE A - VERIFICATION

Real Estate

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	49,560,229	52,718,611
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition	92,773	600,716
3.	Current year change in encumbrances		
4.	Total gain (loss) on disposals		
5.	Deduct amounts received on disposals		274,993
6.	Total foreign exchange change in book/adjusted carrying value		
7.	Deduct current year's other than temporary impairment recognized		
8.	Deduct current year's depreciation	1,730,837	3,484,105
9.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	47,922,165	49,560,229
10.	Deduct total nonadmitted amounts		
11.	Statement value at end of current period (Line 9 minus Line 10)	47,922,165	49,560,229

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

		1 Year to Date	2 Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition		
3.	Capitalized deferred interest and other		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)		
6.	Total gain (loss) on disposals		
7.	Deduct amounts received on disposals		
8.	Deduct amortization of premium and mortgage interest points and commitment fees		
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest		
10.	Deduct current year's other than temporary impairment recognized		
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12.	Total valuation allowance		
13.	Subtotal (Line 11 plus Line 12)	0	0
14.	Deduct total nonadmitted amounts		
15.	Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	454,127	499,234
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition		66,348
3.	Capitalized deferred interest and other		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)	(137,080)	(45,107)
6.	Total gain (loss) on disposals	52,996	(71,163)
7.	Deduct amounts received on disposals	52,996	(4,816)
8.	Deduct amortization of premium and depreciation		
9.	Total foreign exchange change in book/adjusted carrying value		
10.	Deduct current year's other than temporary impairment recognized		
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	317,047	454,127
12.	Deduct total nonadmitted amounts		
13.	Statement value at end of current period (Line 11 minus Line 12)	317,047	454,127

SCHEDULE D - VERIFICATION

Bonds and Stocks

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year	168,477,082	164,028,930
2.	Cost of bonds and stocks acquired	63,654,743	138,126,804
3.	Accrual of discount	158,625	525,013
4.	Unrealized valuation increase (decrease)	(5,234,541)	13,670,673
5.	Total gain (loss) on disposals	2,350,796	(4,810,228)
6.	Deduct consideration for bonds and stocks disposed of	41,337,207	139,340,306
7.	Deduct amortization of premium	36,979	158,287
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized	707,905	3,465,518
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	187,274,615	168,477,082
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	187,274,615	168,477,082

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	295,556,321	179,188,143	183,165,647	(49,648)	295,556,321	291,537,969		228,931,470
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	295,556,321	179,188,143	183,165,647	(49,648)	295,556,321	291,537,969	0	228,931,470
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	295,556,321	179,188,143	183,165,647	(49,648)	295,556,321	291,537,969	0	228,931,470

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $....168,579,558; NAIC 2 $....0; NAIC 3 $....0; NAIC 4 $....0; NAIC 5 $....0; NAIC 6 $....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	78,088,291	XXX	78,207,669	370	125,630

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	127,989,009	17,982,978
2. Cost of short-term investments acquired	100,643,964	185,456,320
3. Accrual of discount	113,122	221,179
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	8,287	
6. Deduct consideration received on disposals	150,479,368	75,871,468
7. Deduct amortization of premium	186,723	
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	78,088,291	127,989,009
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	78,088,291	127,989,009

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

NONE

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 8, prior year)	
2.	Cost paid (consideration received) on additions	
3.	Unrealized valuation increase (decrease)	
4.	Total gain (loss) on termination recognized	
5.	Considerations received (paid) on terminations	
6.	Amortization	
7.	Adjustment to the Book/Adjusted Carrying Value of hedge item	
8.	Total foreign exchange change in Book/Adjusted Carrying Value	
9.	Book/Adjusted Carrying Value, December 31, current year (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8)	0
10.	Deduct nonadmitted assets	
11.	Statement value at end of current period (Line 9 minus Line 10)	0

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

1.	Book/Adjusted Carrying Value, December 31, prior year				0
2.	Net cash deposits (Section 1, Broker Name/Net Cash Deposits footnote)				
3.1	Change in variation margin on open contracts				
3.2	Add:				
	Change in adjustment to basis of hedged item:				
	3.21 Section 1, Column 16, current year to date minus				
	3.22 Section 1, Column 16, prior year		0		
	Change in amount recognized:				
	3.23 Section 1, Column 15, current year to date minus				
	3.24 Section 1, Column 15, prior year		0	0	
3.3	Subtotal (line 3.1 minus Line 3.2)				0
4.1	Variation margin on terminated contracts during the year				
4.2	Less:				
	4.21 Amount used to adjust basis of hedged item				
	4.22 Amount recognized		0		
4.3	Subtotal (line 4.1 minus Line 4.2)				0
5.	Dispositions gains (losses) on contracts terminated in prior year:				
	5.1 Recognized				
	5.2 Used to adjust basis of hedged items				
6.	Book/Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)				0
7.	Deduct nonadmitted assets				
8.	Statement value at end of current period (Line 6 minus Line 7)				0

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of cash equivalents acquired	199,968,771	19,994,847
3. Accrual of discount	31,715	4,881
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	3	85
6. Deduct consideration received on disposals	109,499,143	19,999,813
7. Deduct amortization of premium		
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	90,491,346	0
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	90,491,346	0

Statement for June 30, 2010 of the **Unigard Insurance Company**

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location		4	5	6	7	8	9
	2	3						
Description of Property	City	State	Date Acquired	Name of Vendor	Actual Cost at Time of Acquisition	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Additional Investment Made After Acquisition
Acquired by Purchase								
Bldgs. and 47 acre lot at 15005 N.E. 24th Street	Bellevue	WA	06/30/2010	Integrated Systems				74,050
5 Bldgs at 15005 N.E. 24th Street	Bellevue	WA	06/30/2010	Jones Lang LaSalle Brokes				15,864
5 Bldgs at 15005 N.E. 24th Street	Bellevue	WA	06/30/2010	Marvin Stein & Assoc.				2,859
0199999. Totals					0	0	0	92,773
0599999. Totals					0	0	0	92,773

SCHEDULE A - PART 3

Showing all Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1	Location		4	5	6	7	8	Change in Book/Adjusted Carrying Value Less Encumbrances					14	15	16	17	18	19	20
	2	3						9	10	11	12	13							
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances Prior Year	Current Year's Depreciation	Current Year's Other Than Temporary Impairment Recognized	Current Year's Change in Encumbrances	Total Change in B.A.C.V. (11 - 9 - 10)	Total Foreign Exchange Change in B.A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Amounts Received During Year	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs, and Expenses Incurred

NONE

SCHEDULE B - PART 2

Showing all Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location		4	5	6	7	8	9
	2	3				Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest			

NONE

SCHEDULE B - PART 3

Showing all Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	6	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13	Book Value/ Recorded Investment Excluding Accrued Interest on Disposal		Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value		Consideration			

NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	Location		5	6	7	8	9	10	11	12	13
		3	4									
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership

NONE

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Changes in Book/Adjusted Carrying Value						16	15	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B/A.C.V. (9+10-11+12)	Total Foreign Exchange Change in B/A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated																			
	CSFB Strategic Partners II LP	Wilmington	DE	Credit Suisse First Boston Private Equity	00/00/2003	01/30/2010						0			4,950		4,950	4,950	
1599999. Total - Joint Venture or Partnership Interests That Have Underlying Characteristics of Common Stocks - Unaffiliated							0	0	0	0	0	0	0	0	4,950	0	4,950	4,950	0
3999999. Subtotal - Unaffiliated							0	0	0	0	0	0	0	0	4,950	0	4,950	4,950	0
6199999. Totals							0	0	0	0	0	0	0	0	4,950	0	4,950	4,950	0

Statement for June 30, 2010 of the **Unigard Insurance Company**

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous									
949746 RJ 6	WELLS FARGO & COMPANY		06/29/2010	BUTLER SECURITIES LONDON		2,100,100	2,000,000	25,911	1FE
9612ED BC 0	WESTPAC BANKING CORP	F	04/01/2010	JP MORGAN LONDON		1,000,000	1,000,000		1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					3,100,100	3,000,000	25,911	XXX
8099997.	Total - Bonds - Part 3					3,100,100	3,000,000	25,911	XXX
8399999.	Total - Bonds					3,100,100	3,000,000	25,911	XXX
Common Stocks - Industrial and Miscellaneous									
025816 10 9	AMERICAN EXPRESS CO		06/25/2010	VARIOUS	17,550,000	804,735	XXX		L
029912 20 1	AMERICAN TOWER CORP-CL A		06/30/2010	VARIOUS	16,430,000	728,143	XXX		L
03073E 10 5	AMERISOURCEBERGEN CORP		06/25/2010	VARIOUS	12,720,000	429,371	XXX		L
032015 10 1	AMPHENOL CORP-CL A		06/13/2010	ROBERT W. BAIRD & CO	13,780,000	628,509	XXX		L
14149Y 10 8	CARDINAL HEALTH INC		06/30/2010	RAYMOND JAMES	6,690,000	224,719	XXX		L
166764 10 0	CHEVRON CORP		04/30/2010	JP MORGAN LONDON	2,580,000	248,933	XXX		L
369604 10 3	GENERAL ELECTRIC CO		04/15/2010	JP MORGAN LONDON	15,450,000	224,231	XXX		L
384802 10 4	W W GRAINGER INC		06/30/2010	VARIOUS	4,870,000	419,431	XXX		L
437076 10 2	HOME DEPOT INC		06/30/2010	RBW LONDON	1,650,000	55,585	XXX		L
50075N 10 4	KRAFT FOODS INC-CLASS A		06/23/2010	VARIOUS	34,820,000	1,004,389	XXX		L
501044 10 1	KROGER CO		06/23/2010	VARIOUS	11,040,000	237,325	XXX		L
532457 10 9	LIFE TECHNOLOGIES CORP		06/08/2010	VARIOUS	14,640,000	767,311	XXX		L
758572 10 9	PHILIP MORRIS INTERNATIONAL		06/23/2010	MERRILL LYNCH	1,750,000	81,433	XXX		L
806407 10 2	HENRY SCHEIN INC		06/25/2010	VARIOUS	7,780,000	459,598	XXX		L
87612E 10 6	TARGET CORP		06/22/2010	JP MORGAN LONDON	9,780,000	542,528	XXX		L
913903 10 0	UNIVERSAL HEALTH SERVICES B		06/23/2010	VARIOUS	25,420,000	991,242	XXX		L
917047 10 2	URBAN OUTFITTERS INC		06/30/2010	VARIOUS	9,350,000	339,555	XXX		L
92343V 10 4	VERIZON COMMUNICATIONS INC		06/23/2010	OFFENHEIMER & CO	5,560,000	153,517	XXX		L
92826C 83 9	VISA INC-CLASS A SHARES		06/23/2010	VARIOUS	2,890,000	220,994	XXX		L
9099997.	Total - Common Stocks - Industrial & Miscellaneous					8,761,859	XXX	0	XXX
9099997.	Total - Common Stocks - Part 3					8,761,859	XXX	0	XXX
9799999.	Total - Common Stocks					8,761,859	XXX	0	XXX
9899999.	Total - Preferred and Common Stocks					8,761,859	XXX	0	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					11,861,959	XXX	25,911	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues.....1.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
312900 EZ 4	FREDDIE MAC		04/29/2010	CITIGROUP CAPITAL MARKETS		3,497,662	3,500,000	3,503,203	3,501,335		(515)		(515)		3,500,820		(3,140)	(3,140)	2,958	05/07/2015	1
912827 5Z 1	US TREASURY NB		04/01/2010	PRIOR YEAR INCOME									0		0			0	84,298	02/15/2019	1
0399999.	Total - Bonds - U.S. Government					3,497,662	3,500,000	3,503,203	3,501,335	0	(515)	0	(515)	0	3,500,820	0	(3,140)	(3,140)	84,298	XXX	XXX
5399997.	Total - Bonds - Part 4					3,497,662	3,500,000	3,503,203	3,501,335	0	(515)	0	(515)	0	3,500,820	0	(3,140)	(3,140)	84,298	XXX	XXX
5399999	Total - Bonds					3,497,662	3,500,000	3,503,203	3,501,335	0	(515)	0	(515)	0	3,500,820	0	(3,140)	(3,140)	84,298	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
002824 10 0	ABBOTT LABORATORIES		05/12/2010	UNION BK OF SWITZERLAND LONDON	1,500.000	79,665	XXX	80,686	87,464	1,421			1,421		88,885		(6,219)	(6,219)	1,155	XXX	L
00724F 10 1	ADOBE SYSTEMS INC		06/30/2010	VARIOUS	33,000.000	999,123	XXX	612,738	1,216,335	(603,592)			(603,592)		612,743		386,382	386,382		XXX	L
031162 10 0	AMGEN INC		04/06/2010	JP MORGAN LONDON	12,700.000	713,602	XXX	774,382	718,429	55,953			55,953		774,382		(60,780)	(60,780)		XXX	L
037833 10 0	APPLE INC		06/29/2010	UNION BK OF SWITZERLAND LONDON	148.000	37,465	XXX	11,948	29,502	(17,553)			(17,553)		11,948		25,536	25,536		XXX	L
071813 10 9	BAXTER INTERNATIONAL INC		04/23/2010	RAYMOND JAMES	9,040.000	459,674	XXX	543,153	539,467	12,986			12,986		543,153		(83,479)	(83,479)	5,243	XXX	L
17275R 10 2	CISCO SYSTEMS INC		06/15/2010	RAYMOND JAMES	53,700.000	1,144,405	XXX	572,823	566,314	5,509			5,509		572,823		40,583	40,583		XXX	L
254687 10 6	WALT DISNEY CO/THE		05/17/2010	UNION BK OF SWITZERLAND LONDON	2,310.000	78,265	XXX	34,547	74,498	(19,950)			(19,950)		54,547		23,718	23,718	809	XXX	L
291011 10 4	EMERSON ELECTRIC CO		06/23/2010	VARIOUS	6,200.000	271,681	XXX	242,841	264,120	(21,279)			(21,279)		242,841		34,740	34,740	4,654	XXX	L
302569 80 8	GOOGLE INC CL A		06/23/2010	ROBERT W. BAIRD & CO.	250.000	119,748	XXX	113,476	154,956	(41,480)			(41,480)		113,476		6,272	6,272		XXX	L
406216 10 1	HALLIBURTON CO		06/02/2010	VARIOUS	16,450.000	471,262	XXX	332,543	555,063	(223,520)			(223,520)		332,543		138,719	138,719	2,673	XXX	L
428236 10 3	HEWLETT-PACKARD CO		06/23/2010	NEW LONDON	5,970.000	245,250	XXX	257,304	271,458	(14,154)			(14,154)		257,304		(11,954)	(11,954)	643	XXX	L
452308 10 9	ILLINOIS TOOL WORKS		06/30/2010	VARIOUS	10,050.000	441,930	XXX	356,412	483,732	(126,227)			(126,227)		356,412		85,517	85,517	5,550	XXX	L
458140 10 0	INTEL CORP		06/23/2010	J.P. MORGAN	7,400.000	159,570	XXX	163,760	152,795	10,964			10,964		163,760		(4,190)	(4,190)	2,368	XXX	L
481073 10 9	MILLIPORE CORP		04/16/2010	ROBERT W. BAIRD & CO.	2,730.000	289,654	XXX	254,960					0		254,959		34,114	34,114		XXX	L
494368 40 3	OWENS-ILLINOIS INC		05/28/2010	J.P. MORGAN	2,300.000	67,129	XXX	76,559	76,559	(6,040)			(6,040)		70,519		(3,390)	(3,390)		XXX	L
693475 10 5	PNC FINANCIAL SERVICES GROUP		06/16/2010	NEW LONDON	1,350.000	80,321	XXX	37,182	71,294	(34,512)			(34,512)		37,182		43,139	43,139	372	XXX	L
693506 10 7	PPG INDUSTRIES INC		06/11/2010	VARIOUS	2,650.000	174,254	XXX	104,735	159,181	(54,443)			(54,443)		104,738		69,516	69,516	3,521	XXX	L
743967 10 1	PULTE GROUP INC		06/23/2010	ROBERT W. BAIRD & CO.	67,530.000	580,121	XXX	783,570	689,500	94,070			94,070		783,570		(190,439)	(190,439)		XXX	L
778296 10 6	ROPER INDUSTRIES INC		06/23/2010	JP MORGAN LONDON	420.000	24,133	XXX	27,143	21,995	5,153			5,153		27,143		(3,009)	(3,009)	86	XXX	L
855244 10 9	STARBUCKS CORP		06/08/2010	RAYMOND JAMES	3,500.000	80,989	XXX	53,164	82,655	(29,491)			(29,491)		53,164		27,795	27,795	356	XXX	L
903914 10 9	ULTRA PETROLEUM CORP		04/16/2010	VARIOUS	6,500.000	301,667	XXX	276,575	332,950	(52,983)			(52,983)		263,974		37,713	37,713		XXX	L
907818 10 8	UNION PACIFIC CORP		06/15/2010	VARIOUS	3,010.000	215,040	XXX	216,446	192,339	19,107			19,107		210,446		594	594	1,625	XXX	L
912909 10 8	UNITED STATES STEEL CORP		06/16/2010	VARIOUS	16,350.000	490,287	XXX	652,629					0		652,629		(162,231)	(162,231)	985	XXX	L
931142 10 3	WAL-MART STORES INC		06/23/2010	VARIOUS	10,450.000	548,327	XXX	554,016	550,155	30,880			30,880		581,035		(32,988)	(32,988)	3,196	XXX	L
V7780T 10 3	ROYAL CARIBBEAN CRUISES LTD		05/19/2010	VARIOUS	21,700.000	558,465	XXX	477,551	548,976	(71,088)			(71,088)		477,888		212,577	212,577		XXX	L
9029999.	Total - Common Stocks - Industrial & Miscellaneous					8,912,628	XXX	7,669,903	7,755,805	(1,092,751)		0	15,662	(1,108,353)	7,655,801	0	566,826	566,826	32,296	XXX	XXX
9799997.	Total - Common Stocks - Part 4					8,912,628	XXX	7,669,903	7,755,805	(1,092,751)		0	15,662	(1,108,353)	7,655,801	0	566,826	566,826	32,296	XXX	XXX

Statement for June 30, 2010 of the **Unigard Insurance Company**

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11-12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
9799999	Total - Common Stocks					8,242,626	XXX	7,659,903	7,755,885	(1,092,751)	0	15,602	(1,108,353)	0	7,664,301	0	588,326	588,326	39,299	XXX	XXX
9899999	Total - Preferred and Common Stocks					8,242,626	XXX	7,659,903	7,755,885	(1,092,751)	0	15,602	(1,108,353)	0	7,664,301	0	588,326	588,326	39,299	XXX	XXX
9999999	Total - Bonds, Preferred and Common Stocks					11,740,790	XXX	11,172,906	11,257,220	(1,092,751)	(526)	15,602	(1,108,878)	0	11,165,111	0	586,178	586,178	123,507	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues.....0.

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1B
NONE

Sch. DB-Pt D
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter 6 First Month	7 Second Month	8 Third Month	9 *
Open Depositories								
ROYAL BK OF SCOTLAND NY	NEW YORK, NY	1.580		152,215	11,000,000	11,000,000	11,000,000	XXX
STANDARD CHARTERED BANK NY	NEW YORK, NY	0.930		12,219		11,000,397	11,000,352	XXX
STATE STREET BANK & TRST	NEW YORK, NY	0.960		8,128		11,000,000	11,000,000	XXX
CITIBANK	NEW YORK, NY				52,716,873	122,021	14,969	XXX
ALASKA FIRST BANK AND TRUST	ANCHORAGE, ALASKA				26,222	26,222	26,177	XXX
BANK OF AMERICA	SEATTLE, WASHINGTON				1,023,095	1,513,274	1,568,697	XXX
COMMUNITY BANK OF THE BAY	OAKLAND, CALIFORNIA				100,000	100,000	100,000	XXX
US BANK	MADISON, WISCONSIN				3,048,412	2,748,017	(143,292)	XXX
MISSION COMMUNITY BANK	SAN LUIS OBISPO, CALIFORNIA				125,000	125,221	125,356	XXX
NEIGHBORHOOD NATIONAL BANK	NATIONAL CITY, CALIFORNIA				125,276	125,437	125,510	XXX
0199999. Total Open Depositories	XXX	XXX	0	182,563	68,219,457	37,757,569	34,819,679	XXX
0399999. Total Cash on Deposit	XXX	XXX	0	182,563	68,219,457	37,757,569	34,819,679	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX	3,910	3,910	3,810	XXX
0599999. Total Cash	XXX	XXX	0	182,563	68,223,367	37,761,479	34,823,489	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Government Issuer Obligations							
US TREASURY BILL		05/06/2010	0.140	07/01/2010	45,550,000		9,705
US TREASURY BILL		05/03/2010	0.145	08/26/2010	31,392,105		3,826
US TREASURY BILL		05/19/2010	0.095	08/12/2010	4,995,242		238
0199999. U.S. Government Issuer Obligations					90,491,347	0	13,242
0399999. Total - U.S. Government Bonds					90,491,347	0	13,242
Total							
7709999. Subtotals - Issuer Obligations					90,491,347	0	13,242
7899999. Subtotals - Bonds					90,491,347	0	13,242
8699999. Total - Cash Equivalents					90,491,347	0	13,242

* 2 5 7 4 7 2 0 1 0 2 0 1 0 0 1 0 3 *

QUARTERLY STATEMENT

As of September 30, 2010
of the Condition and Affairs of the

Unigard Insurance Company

NAIC Group Code.....796, 796 (Current Period) (Prior Period)	NAIC Company Code..... 25747	Employer's ID Number..... 91-6027360
Organized under the Laws of Washington	State of Domicile or Port of Entry Washington	Country of Domicile US
Incorporated/Organized..... September 29, 1960	Commenced Business..... September 30, 1960	
Statutory Home Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)
Mail Address	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	One General Drive..... Sun Prairie ..... WI ..... 53596 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)
Internet Web Site Address	www.unigard.com	
Statutory Statement Contact	Darryl Bryon Klatt (Name)	608-825-5160 (Area Code) (Telephone Number) (Extension)
	darryl.klatt@us.qbe.com (E-Mail Address)	608-825-5053 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Peter Kurt Christen	President	2. John Roger Schanen	Senior VP - Head of Finance
3. Jennifer Jean Vernon	Secretary	4.	

OTHER

Lindsay Arnold Chatterton, Jr.	Senior Vice President	Thomas Mark Greenfield	Senior Vice President
Peter George Logothetis	Senior Vice President	John Michael Bondura	Senior Vice President
Charles Robert Valinotti	Senior Vice President	Steven Lawrence Sheinheit	Chief Strategy and Technology Officer
James Justin Fiore	Chief Underwriting Officer	Norman Emil Donelson	Senior Vice President
Jennifer Jean Vernon	General Counsel and Senior Vice President	Andrew Joseph Doll	Senior Vice President
John Rumpler #	Chief Executive Officer	Christopher Colin Fish #	Chief Financial Officer
Shaun Patrick Flynn #	Chief Risk Officer	Dean Kenneth Harring #	Chief Claims Officer
Nancy Lynn Kelly #	Chief Human Resource Officer	Peter Thomas Maloney #	Chief Legal Officer
Nichlas Hayes Pastor #	Chief Actuary	Christopher Scott Alberghini #	Senior Vice President
Jeff Alan Amsle #	Senior Vice President	Robert Dickens Byler #	Senior Vice President

DIRECTORS OR TRUSTEES

Peter Kurt Christen	John Rumpler	Francis Michael O'Halloran	Christopher Colin Fish
James Justin Fiore	Anthony Robert Przbyszewski	Harvey J Bazaar	Rodney Paul Farrell
Robert Dickens Byler #	George Benard Thwaites #		

State of..... Wisconsin
County of.... Dane

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Peter Kurt Christen	John Roger Schanen	Jennifer Jean Vernon
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Senior VP - Head of Finance	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	95,014,865		95,014,865	100,942,458
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	76,073,036		76,073,036	67,534,623
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)	21,084,868		21,084,868	21,951,945
4.2 Properties held for the production of income (less $.....0 encumbrances)	26,089,509		26,089,509	27,608,285
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....77,064,084), cash equivalents ($.....29,996,610) and short-term investments ($.....142,739,308)	249,800,004		249,800,004	246,365,145
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets	327,276		327,276	454,127
9. Receivables for securities	213,940		213,940	
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	468,603,498	0	468,603,498	464,856,583
12. Title plants less $.....0 charged off (for Title insurers only)			0	
13. Investment income due and accrued	803,833		803,833	1,667,927
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	16,924,156	1,894,832	17,029,324	15,541,695
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)	73,789,406	18,236	73,771,170	67,007,537
14.3 Accrued retrospective premiums			0	
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	13,433,593		13,433,593	12,313,566
15.2 Funds held by or deposited with reinsured companies			0	
15.3 Other amounts receivable under reinsurance contracts			0	
16. Amounts receivable relating to uninsured plans			0	
17.1 Current federal and foreign income tax recoverable and interest thereon	2,974,931		2,974,931	
17.2 Net deferred tax asset	27,565,499	11,630,857	15,934,642	20,486,032
18. Guaranty funds receivable or on deposit			0	
19. Electronic data processing equipment and software	45,363		45,363	103,043
20. Furniture and equipment, including health care delivery assets ($.....0)	1,272,044	1,272,044	0	
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	
22. Receivables from parent, subsidiaries and affiliates			0	18,080,260
23. Health care ($.....0) and other amounts receivable			0	
24. Aggregate write-ins for other than invested assets	3,133,754	975,612	2,158,142	2,193,134
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 through 24)	610,546,076	15,791,581	594,754,494	602,249,777
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
27. Total (Lines 25 and 26)	610,546,076	15,791,581	594,754,494	602,249,777

DETAILS OF WRITE-INS

1001			0	
1002			0	
1003			0	
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above)	0	0	0	0
2401. Prepaid pension asset	150,625	150,625	0	
2402.			0	
2403. Non-qualified deferred compensation plan	1,419,435		1,419,435	1,507,481
2498. Summary of remaining write-ins for Line 24 from overflow page	1,563,694	824,987	738,707	685,653
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	3,133,754	975,612	2,158,142	2,193,134

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Losses (current accident year $.....59,645,687)	199,843,672	212,014,813
2.	Reinsurance payable on paid losses and loss adjustment expenses	424,635	1,535,050
3.	Loss adjustment expenses	45,357,651	45,936,190
4.	Commissions payable, contingent commissions and other similar charges	7,702,493	8,690,088
5.	Other expenses (excluding taxes, licenses and fees)	2,273,431	8,747,390
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	1,114,248	714,477
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))		587,775
7.2	Net deferred tax liability		
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (after deducting unearned premiums for ceded reinsurance of $.....108,531,843 and including warranty reserves of $.....0)	113,356,793	111,397,903
10.	Advance premium	3,792,703	999,839
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	10,909,756	8,142,828
13.	Funds held by company under reinsurance treaties		771,000
14.	Amounts withheld or retained by company for account of others	2,119,563	2,110,025
15.	Remittances and items not allocated	(2,458)	4,613
16.	Provision for reinsurance	474,800	474,800
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	80,598	28,950
19.	Payable to parent, subsidiaries and affiliates	19,201,952	
20.	Derivatives		
21.	Payable for securities	10,210,195	
22.	Liability for amounts held under uninsured plans		
23.	Capital notes $.....0 and interest thereon $.....0		
24.	Aggregate write-ins for liabilities	4,552,207	11,512,764
25.	Total liabilities excluding protected cell liabilities (Lines 1 through 24)	421,411,239	413,868,537
26.	Protected cell liabilities		
27.	Total liabilities (Lines 25 and 26)	421,411,239	413,868,537
28.	Aggregate write-ins for special surplus funds	3,577,660	4,626,026
29.	Common capital stock	3,000,000	3,000,000
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds	0	0
32.	Surplus notes		
33.	Gross paid in and contributed surplus	119,053,571	119,053,571
34.	Unassigned funds (surplus)	47,712,024	61,701,643
35.	Less treasury stock, at cost:		
	35.1 .....0.000 shares common (value included in Line 29 $.....0)		
	35.2 .....0.000 shares preferred (value included in Line 30 $.....0)		
36.	Surplus as regards policyholders (Lines 28 to 34, less 35)	173,343,255	188,381,240
37.	Totals	594,754,494	602,249,777

DETAILS OF WRITE-INS

2401.	2009 Private Passenger Escrow	323,173	376,637
2402.	Qualified pension - additional liability	2,467,849	9,177,936
2403.	Reserve for potential losses on uncollectible reinsurance balances	393,500	393,500
2498.	Summary of remaining write-ins for Line 24 from overflow page	1,377,685	1,564,691
2499.	Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	4,562,207	11,512,764
2801.	Additional admitted deferred tax assets	3,577,660	4,626,026
2802.			
2803.			
2898.	Summary of remaining write-ins for Line 28 from overflow page	0	0
2899.	Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	3,577,660	4,626,026
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page	0	0
3199.	Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct ..... (written $.....187,010,780)	183,579,688	186,252,650	248,553,929
1.2 Assumed ..... (written $.....183,927,086)	181,969,225	183,497,474	245,300,019
1.3 Ceded ..... (written $.....187,088,942)	183,657,880	186,365,710	248,690,819
1.4 Net ..... (written $.....183,848,924)	181,891,033	183,384,414	245,163,129
DEDUCTIONS:			
2. Losses incurred (current accident year $.....102,051,235):			
2.1 Direct	99,527,610	92,229,235	124,409,199
2.2 Assumed	99,075,237	97,004,425	135,586,686
2.3 Ceded	98,229,224	91,259,283	124,254,110
2.4 Net	100,373,623	97,974,377	135,741,775
3. Loss adjustment expenses incurred	23,704,097	19,579,338	23,772,340
4. Other underwriting expenses incurred	61,591,539	66,813,102	85,889,089
5. Aggregate write-ins for underwriting deductions	(56,603)	298,526	376,637
6. Total underwriting deductions (Lines 2 through 5)	185,612,656	184,665,343	245,779,841
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(3,721,623)	(1,280,929)	(616,712)
INVESTMENT INCOME			
9. Net investment income earned	3,359,477	10,868,192	12,551,367
10. Net realized capital gains (losses) less capital gains tax of $.....0	1,612,938	(7,573,177)	(8,131,297)
11. Net investment gain (loss) (Lines 9 + 10)	4,972,415	3,295,015	4,420,070
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $.....0 amount charged off $.....418,872)	(418,872)	(252,916)	(345,463)
13. Finance and service charges not included in premiums	1,073,471	1,049,888	1,452,765
14. Aggregate write-ins for miscellaneous income	(24,879)	(45,543)	(276,347)
15. Total other income (Lines 12 through 14)	629,720	751,439	830,955
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,880,512	2,765,525	4,634,313
17. Dividends to policyholders	3,175,210	3,220,433	4,220,253
18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(1,294,698)	(454,908)	414,060
19. Federal and foreign income taxes incurred	(375,706)	4,990,852	6,626,522
20. Net income (Line 18 minus Line 19) (to Line 22)	(918,992)	(5,445,760)	(6,212,462)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	188,381,241	212,771,577	212,771,577
22. Net income (from Line 20)	(918,992)	(5,445,760)	(6,212,462)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of $.....86,784	(1,277,405)	6,054,353	8,464,706
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	(1,455,617)	5,192,107	6,617,881
27. Change in nonadmitted assets	3,944,665	3,021,749	9,580,062
28. Change in provision for reinsurance			561,000
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(9,000,000)	(22,000,000)	(42,000,000)
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	(6,330,635)	(1,777,595)	(1,401,524)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(15,037,986)	(14,965,146)	(24,390,336)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	173,343,255	197,816,431	188,381,241

DETAILS OF WRITE-INS

0501. 2009 Private Passenger Escrow	(56,603)	298,526	376,637
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(56,603)	298,526	376,637
1401. Other miscellaneous income (expense)	(26,090)	(45,543)	(276,347)
1402. Gain on sale of equipment	1,211		
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(24,879)	(45,543)	(276,347)
3701. Reserve for potential losses on uncollectible reinsurance balances			44,000
3702. Additional minimum pension liability	4,368,056	(1,777,595)	(1,445,524)
3703. Pension transfer valuation adjustment	(10,698,691)		
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	(6,330,635)	(1,777,595)	(1,401,524)

CASH FLOW

		1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance	181,463,500	194,932,179	258,371,375
2.	Net investment income	6,666,146	14,174,601	17,180,672
3.	Miscellaneous income	629,720	751,439	830,955
4.	Total (Lines 1 through 3)	188,759,364	209,858,219	276,383,001
5.	Benefit and loss related payments	114,776,206	69,543,539	95,089,752
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	93,079,356	76,965,628	102,487,749
8.	Dividends paid to policyholders	3,175,210	3,220,433	4,220,253
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	3,187,000	11,631,413	7,804,412
10.	Total (Lines 5 through 9)	214,216,772	161,361,013	209,602,165
11.	Net cash from operations (Line 4 minus Line 10)	(25,457,408)	48,497,206	66,780,836
	CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	41,212,873	97,514,594	122,649,346
	12.2 Stocks	27,422,181	11,989,673	16,690,960
	12.3 Mortgage loans			
	12.4 Real estate		198,251	274,993
	12.5 Other invested assets	76,900	(52,975)	(4,815)
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	59,628	(25,633)	(24,506)
	12.7 Miscellaneous proceeds	10,210,195	140,109	33,898
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	78,981,477	109,864,019	139,619,877
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	34,569,795	74,204,267	118,821,842
	13.2 Stocks	36,282,431	14,266,110	19,304,962
	13.3 Mortgage loans			
	13.4 Real estate	194,906	799,822	800,716
	13.5 Other invested assets		18,188	66,348
	13.6 Miscellaneous applications	213,840		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	71,260,172	89,288,387	138,793,868
14.	Net increase (decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	7,721,305	20,575,632	826,009
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			
	16.2 Capital and paid in surplus, less treasury stock			
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities			
	16.5 Dividends to stockholders	9,000,000	22,000,000	42,000,000
	16.6 Other cash provided (applied)	30,170,863	(11,768,226)	(29,883,558)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	21,170,962	(33,768,226)	(71,883,558)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	3,434,859	35,304,612	(4,276,712)
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	246,365,145	250,641,857	250,641,857
	19.2 End of period (Line 18 plus Line 19.1)	249,800,004	285,946,469	246,365,145

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

20.0001			

NOTES TO FINANCIAL STATEMENTS

Note #	Description
1	Summary of Significant Accounting Policies
2	Accounting Changes and Corrections of Errors
3	Business Combinations and Goodwill
4	Discontinued Operations
5	Investments
6	Joint Ventures, Partnerships and Limited Liability Companies
7	Investment Income
8	Derivative Instruments
9	Income Taxes
10	Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties
11	Debt
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
14	Contingencies
15	Leases
16	Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
17	Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities
18	Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
20	Other Items
21	Events Subsequent
22	Reinsurance
23	Retrospectively Rated Contracts & Contracts Subject to Redetermination
24	Change in Incurred Losses and Loss Adjustment Expenses
25	Intercompany Pooling Arrangements
26	Structured Settlements
27	Health Care Receivables
28	Participating Policies
29	Premium Deficiency Reserves
30	High Deductibles
31	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
32	Asbestos/Environmental Reserves
33	Subscriber Savings Accounts
34	Multiple Peril Crop Insurance
35	Financial Guaranty Insurance

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

   No Significant Changes

2. **Accounting Changes and Corrections of Errors**

   No Significant Changes

3. **Business Combinations and Goodwill**

   Not Applicable

4. **Discontinued Operations**

   Not Applicable

5. **Investments**

   No Significant Changes

6. **Joint Ventures, Partnerships and Limited Liability Companies**

   Not Applicable

7. **Investment Income**

   No Significant Changes

8. **Derivative Instruments**

   Not Applicable

9. **Income Taxes**

   A. The components of the net deferred tax asset recognized are as follows:

	September 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
(1) Total of gross DTA	$ 25,972,717	$ 2,747,550	$ 28,720,267	$ 28,565,587	$ 3,969,498	$ 32,535,085
(2) Total of gross DTL	298,605	856,163	1,154,768	280,401	726,721	1,007,122
(3) Net deferred tax asset	$ 25,674,112	$ 1,891,387	$ 27,565,499	$ 28,285,186	$ 3,242,777	$ 31,527,963
(4) Deferred tax asset nonadmitted			11,630,857			11,041,932
(5) Net admitted deferred tax asset			$ 15,934,642			$ 20,486,031
(6) Increase (decrease) in nonadmitted asset			$ 588,925			$ (7,800,011)

   (7) Unigard Insurance Company (Company) has elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e) for the period ended 9/30/2010.

   (8) The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10 (e):

	September 30, 2010	December 31, 2009	Change
Ordinary	$ 3,577,660	$ 4,626,025	$ (1,048,365)
Capital	-	-	-
Total increase in admitted adjusted gross DTA	$ 3,577,660	$ 4,626,025	$ (1,048,365)

(9) The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii, 10c.:

	September 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within one year (10bi.)	$ 12,356,981	-	$ 12,356,981	$ 15,860,006	-	$ 15,860,006
10% of adjusted capital and surplus (10bii.)			$ 23,698,186			$ 18,423,639
Adjusted gross DTAs offset against existing DTLs (10c)	$ 298,605	856,163	$ 1,154,768	$ 280,401	726,721	$ 1,007,122
Risk based capital level used in paragraph 10.d:						
Total adjusted capital			$ 190,073,989			$183,755,214
Authorized control level			$ 28,326,857			$ 28,326,857

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii(a)., 10eii(b)., 10eiii.:

	September 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within three years (10.e.i.)	$ 15,934,641	-	$ 15,934,641	$ 20,486,031	-	$ 20,486,031
15% of adjusted capital and surplus (10.e.ii.)			$ 23,698,186			$ 27,635,458
Adjusted gross DTAs offset against existing DTLs (10.eiii)	$ 298,605	856,163	$ 1,154,768	$ 280,401	726,721	$ 1,007,122
Risk based capital level used : in paragraph 10.d						
Total adjusted capital			$ 190,073,989			$ 188,381,239
Authorized control level			$ 28,326,857			$ 28,326,857

(10) The following amounts resulting from the calculation in paragraphs 10a., 10b., 10c.:

	September 30, 2010	December 31, 2009
Admitted DTAs	$ 12,356,981	$ 15,860,006
Admitted assets	$ 591,176,834	$ 596,276,746
Statutory surplus	$ 169,765,594	$ 183,755,214
Total adjusted capital	$ 169,765,594	$ 183,755,214

Admitted DTAs, admitted assets and statutory surplus increased by $3,577,660 resulting from the use of paragraph 10e.

B. The Company recognizes all of its deferred tax liabilities.

C. (1) The provisions for incurred income taxes on earnings for the period enede September 30 are:

	9/30/2010	12/31/2009
Federal	$ (375,706)	$ 6,626,522
Foreign	-	-
	$ (375,706)	$ 6,626,522
Federal income tax on net capital gains		(240,118)
Utilization of capital loss carryforwards	-	-
Utilization of operating loss carryforwards	-	-
Federal and foreign income taxes incurred	$ (375,706)	$ 6,386,404

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

Deferred tax assets	9/30/2010	12/31/2009	Change
Loss reserves	$ 8,705,975	$ 9,158,676	$ (452,701)
Unearned premium reserve	8,200,395	7,867,860	332,535
Employee benefit plans	2,113,448	5,210,693	(3,097,245)
Fixed assets	4,995,344	4,721,144	274,200
Other assets nonadmitted	283,960	509,031	(225,071)
Stocks, bonds and other investments	-	-	-
Premiums receivable	669,574	776,690	(107,116)
Net capital loss carryover	3,603,713	3,969,498	(365,785)
Other	147,858	321,493	(173,635)
Total deferred tax assets	$ 28,720,267	$ 32,535,085	$ (3,814,818)
Nonadmitted deferred tax assets	11,630,857	11,041,932	588,925
Admitted deferred tax assets	$ 17,089,410	$ 21,493,153	$ (4,403,743)
Deferred tax liabilities			
Stocks, bonds and other investments	1,135,858	986,837	149,021
Other	18,910	20,285	(1,375)
Total deferred tax liabilities	$ 1,154,768	$ 1,007,122	$ 147,646
Net admitted deferred tax asset	$ 15,934,642	$ 20,486,031	$ (4,551,389)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	9/30/2010	12/31/2009	Change
Total deferred tax assets	$ 28,720,267	$ 32,535,085	$ (3,814,818)
Total deferred tax liabilities	1,154,768	1,007,122	147,646
Net deferred tax asset (liability)	$ 27,565,499	$ 31,527,963	$ (3,962,464)
Tax effect of unrealized gains (losses)			2,265,246
Intercompany DTA transfer			241,602
Change in net deferred income tax			$ (1,455,616)

(3) The Company did not utilize any investment tax credits in the current or proceeding year.

(4) The Company did not utilize any operating loss carryforwards in the current year or proceeding year.

(5) There were no adjustments to deferred tax assets or liabilities from enacted changes in tax status, rates or laws in the current or proceeding year.

(6) There were no adjustment to deferred tax assets due to change in circumstances about the realize ability of these assets.

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing differences are as follows:

	Amount	Tax Effect	Rate
Pre tax income	$ (1,294,699)	$ (453,145)	35%
Dividends received deduction (net of proration)	(336,855)	(117,899)	9%
Other permanent differences	169,750	59,413	-5%
Nonadmitted premiums receivable	306,046	107,116	-8%
Other assets nonadmitted	4,241,217	1,484,426	-115%
Other	-	-	0%
Total	$ 3,085,459	$ 1,079,911	-83%
Federal and foreign income taxes incurred	(1,073,446)	(375,706)	29%
Change in net deferred income taxes	4,158,905	1,455,617	-112%
Total statutory income taxes	$ 3,085,459	$ 1,079,911	-83%

E. (1) At September 30, 2010, the Company had an estimated $10,296,323 of net capital loss carryforwards, which would expire in 2013 and 2014, available to offset future net capital gains.

At September 30, 2010, the Company had $0 of net operating loss carry forwards.

(2) The Company did not incur federal income taxes in the current year or any preceding year that would be available for recoupment in the event of future net losses.

(3) At September 30, 2010, the Company had no deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. (1) The Company's federal income tax information is included in the consolidated federal income tax return of QBE Investments (North America), Inc. The companies included in the filing of the consolidated federal income tax return are as follows:

QBE Investments (North America), Inc.	Burnett Insurance Management Services, Inc.
QBE Holdings, Inc.	BCO Insurance Agency of Texas, Inc.
QBE Management, Inc.	BCO Surplus Lines, Inc.-Texas
QBE Reinsurance Corporation	Stahl Intermediaries, Inc.
QBE Insurance Corporation	North Pointe Financial Services, Inc
QBE Specialty Insurance Company	North Pointe Casualty Insurance Company
National Farmers Union Property and Casualty Company	North Pointe Insurance Company
United Security Insurance Company	Davis Garvin Agency, Inc.
QBE Regional Companies (N.A.), Inc.	Capital City Insurance Company, Inc.
General Casualty Company of Wisconsin	QBE U.S. Agencies, Inc.
General Casualty Insurance Company	Deep South Surplus, Inc.
Regent Insurance Company	Deep South of California, Inc.
Hoosier Insurance Company	Southern National Risk Management, Inc.
Blue Ridge Insurance Company	S.I.U., LLC
Blue Ridge Indemnity Company	Community Association Underwriters of America Inc.
Southern Guaranty Insurance Company	Sterling National Corporation
Southern Pilot Insurance Company	Sterling National Insurance Agency, Inc.
Southern Fire & Casualty Company	Sterling Property Tax Solutions, Inc.
Unigard Insurance Company	Affinity Insurance Services, Inc.
Unigard Indemnity Company	SLG Benefits and Insurance, LLC
Praetorian Insurance Company	Westwood Insurance Agency
Burnett Holdings, Inc.	QBE Americas, Inc.
Burnett & Company, Inc.	Seattle Specialty Insurance Services, Inc.
NAU Holding Company, LLC	NAU Country Insurance Company

(2) Effective January 1, 2008, QBE Regional and Subsidiaries entered into a tax sharing agreement with QBE Investments (North America), Inc. which replaced and made null all previous tax sharing agreements. Pursuant to this agreement, the group allocates tax among its members specifically on the basis of the tax allocation method provided in Section 1552(a)(2) of the Internal Revenue Code. Net operating loss and capital loss carryovers of the members shall be taken into account only to the extent such items were generated in a consolidated return year to which this agreement or the previous QBE Investments (North America), Inc. agreement applied. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective January 1, 2010, QBE Americas, Inc. (QBEAI), began operations to provide a variety of administrative services for the Company and certain United States based affiliates. All employees of certain U.S affiliates, excluding employees based in the state of Washington and certain claim adjusters, became employees of QBEAI resulting in associated liabilities associated with employees benefit plans transferring at fair market values to QBEAI. In addition, associated electronic hardware, software, furniture and equipment used by these employees were sold to QBEAI at book value which approximated fair market value.

On May 14, 2010, The Company paid a dividend of $9,000,000 to QBE Regional Companies (N.A), Inc.

11. Debt

Not Applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not Applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No Significant Changes

14. Contingencies

No Significant Changes

15. Leases

Not Applicable

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

Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

C. Wash Sales

Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

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

Not Applicable

20. Other Items

No Significant Changes

21. Events Subsequent

In early October 2010, Minster Court Asset Management Pty Limited (MCAM) decided to sell a large portion of the Company's equity portfolio holdings to capitalize on appreciated unrealized gains. Realized gains of approximately $5.6 million were recorded in October as a result of these sales.

22. Reinsurance

No Significant Changes

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Change in Incurred Losses and Loss Adjustment Expenses

No Significant Changes

25. Intercompany Pooling Arrangements

The Company is a participant in the Ninth Restatement Reinsurance Agreement, effective January 1, 2010 (Pooling Agreement). The Pooling Agreement includes other affiliated companies.

Participating Companies	NAIC Co Code	Pool %
• General Casualty Company of Wisconsin (GCW)**	24414	26.6%
• Regent Insurance Company (RGT)	24449	8.7%
• General Casualty Insurance Company (GCI)	18821	6.4%
• Hoosier Insurance Company (HIC)	27570	3.9%
• Blue Ridge Insurance Company (BRIC)	24503	1.5%
• Blue Ridge Indemnity Company (BRIN)	40754	1.0%
• National Farmers Union Property and Casualty Company (NFU)	16217	12.6%
• United Security Insurance Company (USIC)	21776	0.7%
• Southern Guaranty Insurance Company (SGIC)	19178	8.8%
• Southern Pilot Insurance Company (SPIC)	22861	1.7%
• Southern Fire and Casualty Company (SFACC)	22888	1.0%
• Unigard Insurance Company (UIC)	25747	24.2%
• Unigard Indemnity Company (UID)	25798	2.9%

**Lead company

All lines and types of insurance business of the companies are subject to the pooling agreement. GCW, UIC, NFU and USIC cede a portion of their business to various non-affiliated reinsurers on a facultative basis and a portion of their business to affiliated and non-affiliated reinsurers for excess of loss and catastrophe coverage. These placements made by GCW are subsequent to the assumption of pooled business from subsidiaries. These placements made by UIC, NFU and USIC are prior to the cession to GCW under the pooling agreement.

26. Structured Settlements

No Significant Changes

27. Health Care Receivables

Not Applicable

28. Participating Policies

No Significant Changes

29. Premium Deficiency Reserves

Not Applicable

30. High Deductibles

Not Applicable

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No Significant Changes

32. Asbestos/Environmental Reserves

No Significant Changes

33. Subscriber Savings Accounts

Not Applicable

34. Multiple Peril Crop Insurance

Not Applicable

35. Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No [ ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [X] No [ ]

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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

4.2 If yes, provide name of 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 Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] N/A [X]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

6.2 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. 12/31/2007

6.3 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). 4/10/2009

6.4 By what department or departments?
State of Washington, Office of Insurance Commissioner

6.5 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 [ ]

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

7.1 Has this 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]

7.2 If yes, give full information:

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 the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

9.1 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.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
The Company's Code of Conduct was updated in March 2010. A statement was added which notes each employee's responsibility for identifying, mitigating and reporting risks that put company assets, business or reputation in jeopardy.

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $ 0

13. Amount of real estate and mortgages held in short-term investments: $ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No [ ]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 22,349,200	$ 21,232,969
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 0	$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 22,349,200	$ 21,232,969
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Citibank	3800 Citibank Center, Building B, 2nd Floor, Tampa, FL 33610

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address
	Minster Court Asset Management Pty Limited	82 Pitt Street, Sydney, Australia

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

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [X] No [ ] N/A [ ]
   If yes, attach an explanation.
   See Note 25

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]
   If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]
3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [ ] No [X]
4.2 If yes, complete the following schedule:

1	2	3	Total Discount				Discount Taken During Period			
			4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Disc. Rate	Unpaid Losses	Unpaid LAE	IBNR	Total	Unpaid Losses	Unpaid LAE	IBNR	Total
						0				0
Total	XXX	XXX	0	0	0	0	0	0	0	0

5. Operating Percentages:
   5.1 A&H loss percent 0.0 %
   5.2 A&H cost containment percent 0.0 %
   5.3 A&H expense percent excluding cost containment expenses 0.0 %
6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]
6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0
6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]
6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (YES or NO)
All Other Insurers				
	AA-3190906	Aeolus Re Ltd.	Bermuda	NO
	AA-3190871	Lancashire Insurance Company Ltd.	Bermuda	NO
	AA-1120088	Lloyds Syndicate 4141	United Kingdom	YES
	AA-1126004	Lloyds Syndicate 4444	United Kingdom	YES
	AA-3190972	Sirius International Insurance Corp.	Bermuda	NO
	AA-1440076	Torus Insurance (Bermuda) Limited	Bermuda	NO

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written 2 Current Year to Date	3 Prior Year to Date	Direct Losses Paid (Deducting Salvage) 4 Current Year to Date	5 Prior Year to Date	Direct Losses Unpaid 6 Current Year to Date	7 Prior Year to Date
1. Alabama AL	N						
2. Alaska AK	L	160,082	119,998	23,985	12,351	21,837	7,965
3. Arizona AZ	L	5,262,197	4,375,745	1,902,153	4,946,803	5,785,626	6,185,575
4. Arkansas AR	N						
5. California CA	L	73,350,784	73,538,388	33,403,203	30,420,611	81,057,415	76,184,997
6. Colorado CO	L	184,258	158,829	56,814	81,198	606,732	920,329
7. Connecticut CT	N						
8. Delaware DE	N						
9. District of Columbia DC	N						
10. Florida FL	N						
11. Georgia GA	N						
12. Hawaii HI	N						
13. Idaho ID	L	11,815,756	11,643,579	8,741,663	5,631,321	6,265,569	8,249,412
14. Illinois IL	L	27,174	3,568				
15. Indiana IN	N						
16. Iowa IA	N						
17. Kansas KS	N						
18. Kentucky KY	N			2,270	2,378	11,547	5,844
19. Louisiana LA	N						
20. Maine ME	N						
21. Maryland MD	N						
22. Massachusetts MA	N						
23. Michigan MI	N						
24. Minnesota MN	N						
25. Mississippi MS	N						
26. Missouri MO	N						
27. Montana MT	L	4,838,839	4,482,263	3,015,925	1,453,431	2,115,236	1,549,337
28. Nebraska NE	N						
29. Nevada NV	L	1,192,438	1,014,821	577,774	278,668	1,235,765	942,646
30. New Hampshire NH	N						
31. New Jersey NJ	N						
32. New Mexico NM	L	39,947	36,720	2,793		154,648	154,694
33. New York NY	L			313,193	241,448	5,386,667	3,654,799
34. North Carolina NC	L						
35. North Dakota ND	L						
36. Ohio OH	L						
37. Oklahoma OK	N						
38. Oregon OR	L	23,583,066	22,627,931	9,872,025	14,625,417	14,901,426	16,412,295
39. Pennsylvania PA	L						
40. Rhode Island RI	N						
41. South Carolina SC	N						
42. South Dakota SD	N						
43. Tennessee TN	L			52,146	80,533	1,368,755	367,720
44. Texas TX	L						
45. Utah UT	L	9,781,869	12,898,502	4,433,074	4,428,870	5,679,008	5,632,681
46. Vermont VT	N						
47. Virginia VA	N						
48. Washington WA	L	58,771,501	58,133,626	30,964,701	26,816,734	51,495,810	51,182,132
49. West Virginia WV	L						
50. Wisconsin WI	L	2,869	4,794				
51. Wyoming WY	L			3,939	2,414	159,696	145,478
52. American Samoa AS	N						
53. Guam GU	N						
54. Puerto Rico PR	N						
55. US Virgin Islands VI	N						
56. Northern Mariana Islands MP	N						
57. Canada CN	N						
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59. Totals	(a) 22	187,010,780	189,038,664	93,375,658	89,021,177	176,235,838	171,475,904

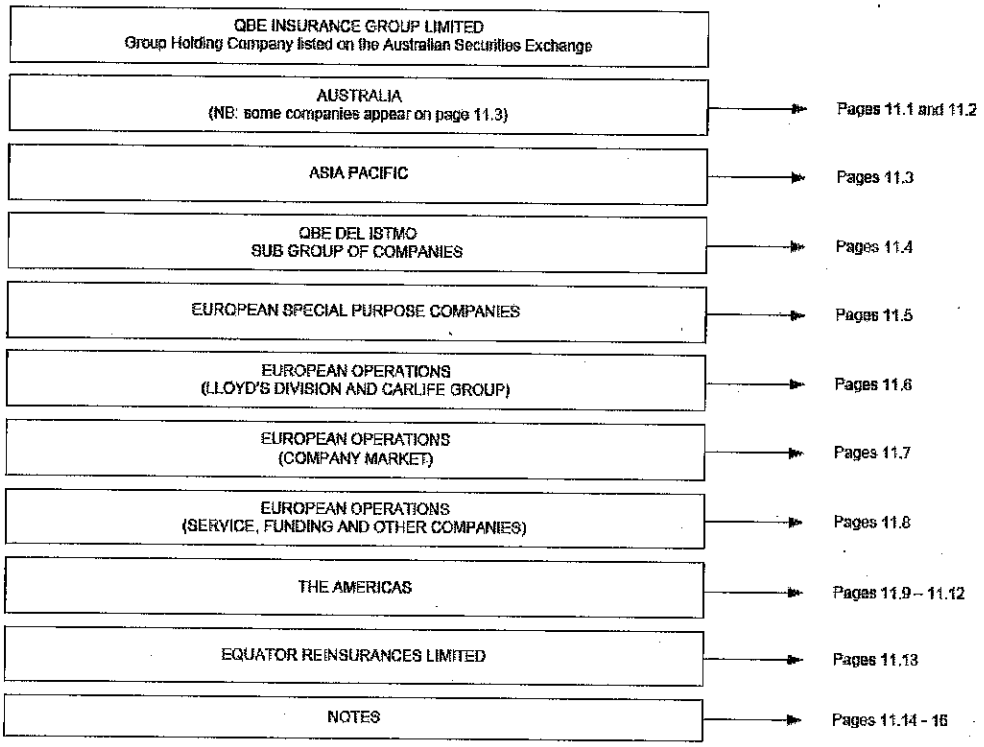
DETAILS OF WRITE-INS

5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0

(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.

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

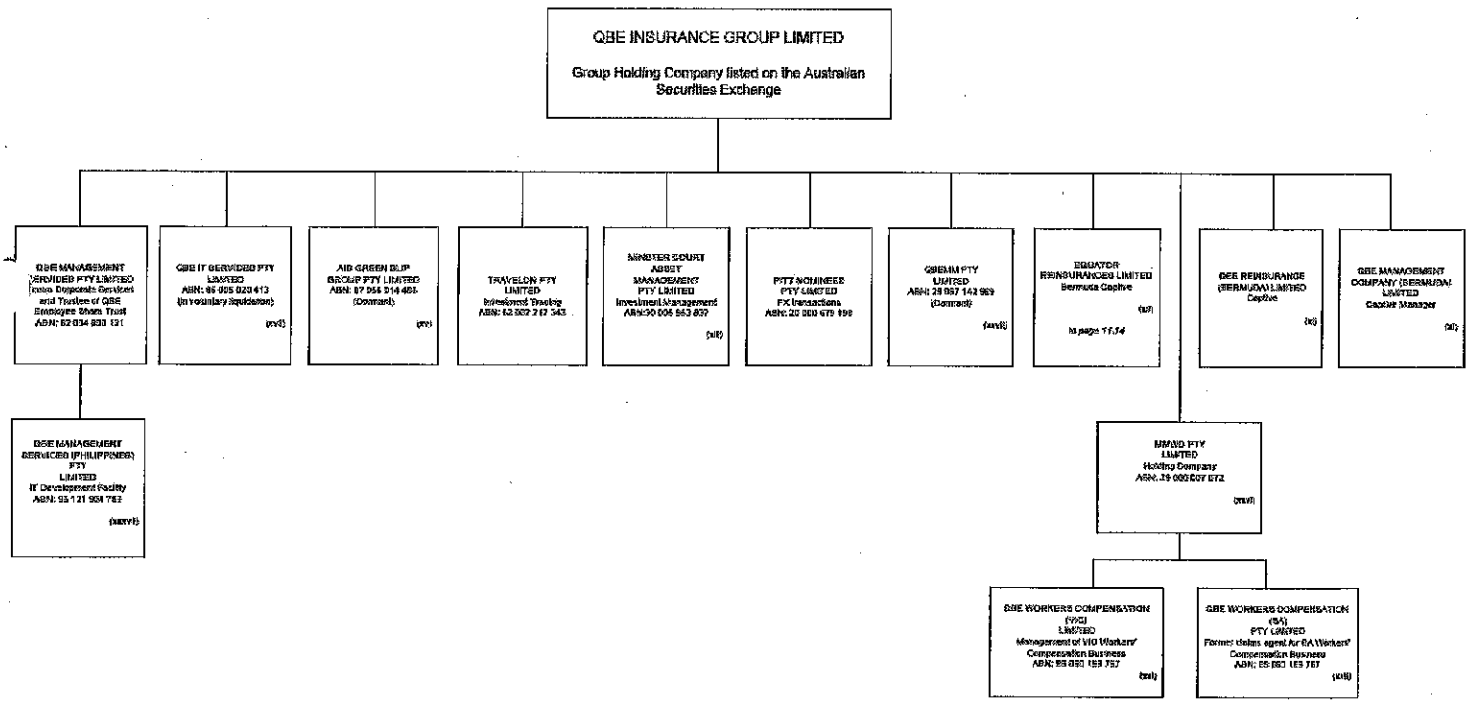
GROUP AND REGIONAL STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES



Statement for September 30, 2010 of the **Unigard Insurance Company**

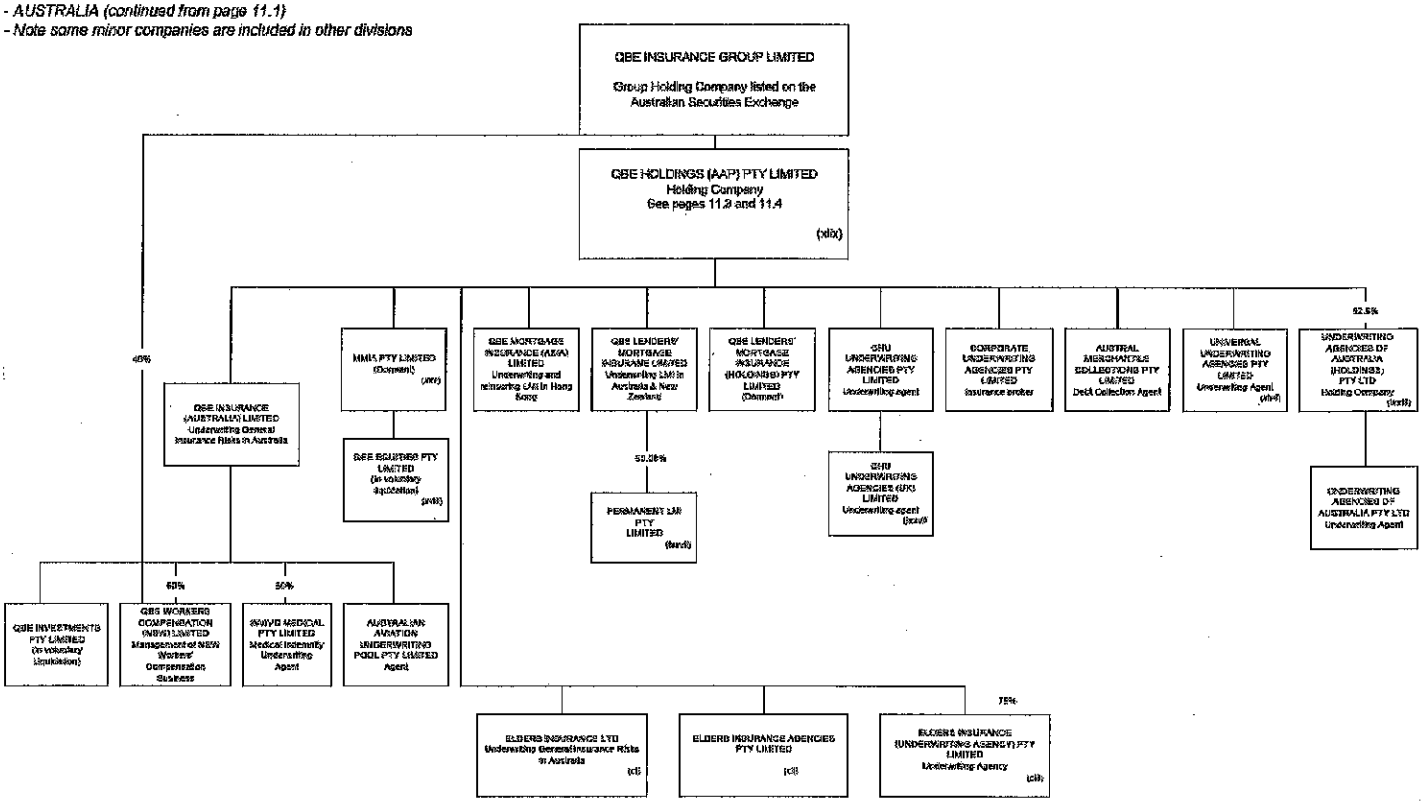
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- AUSTRALIA (continued on page 11.2)
- Note some minor companies are included in other divisions



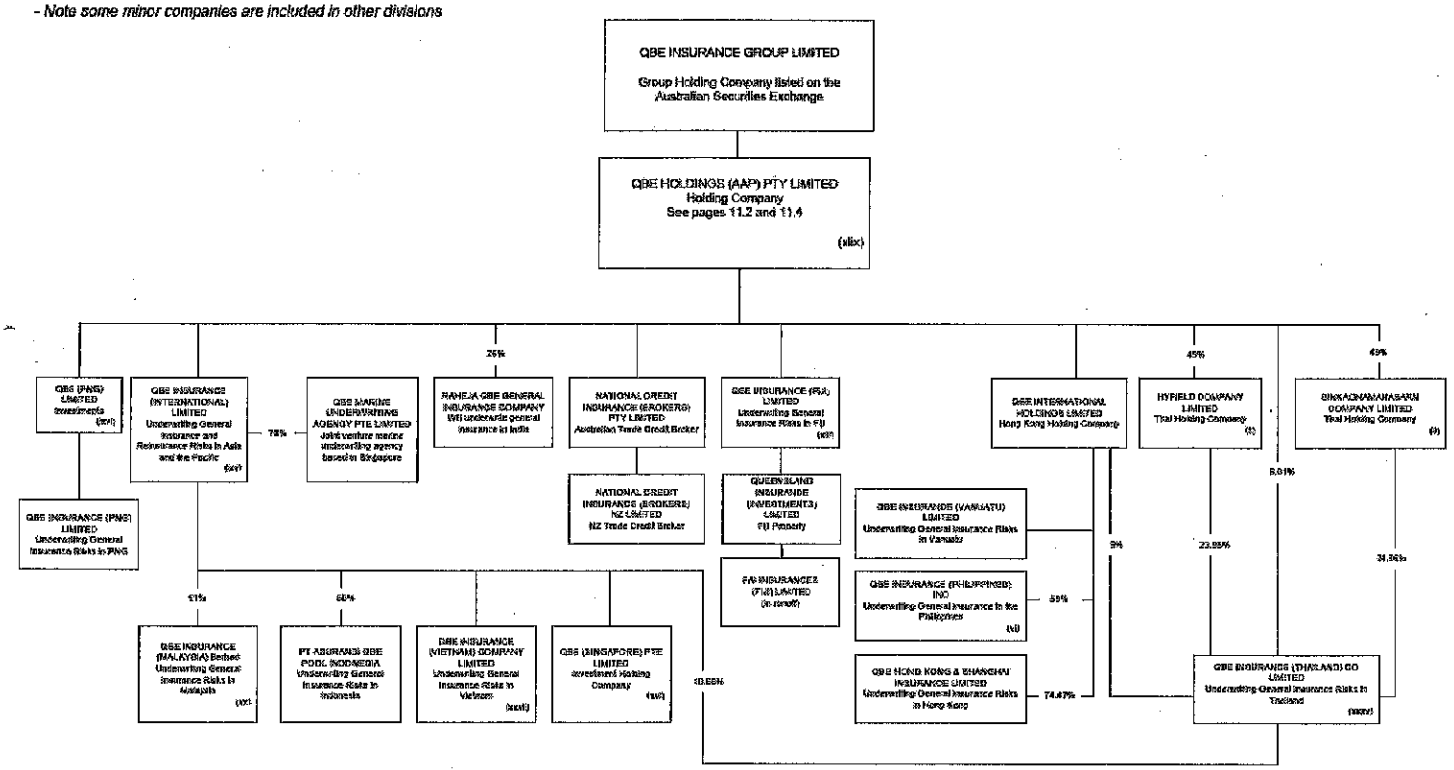
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- AUSTRALIA (continued from page 11.1)
- Note some minor companies are included in other divisions



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

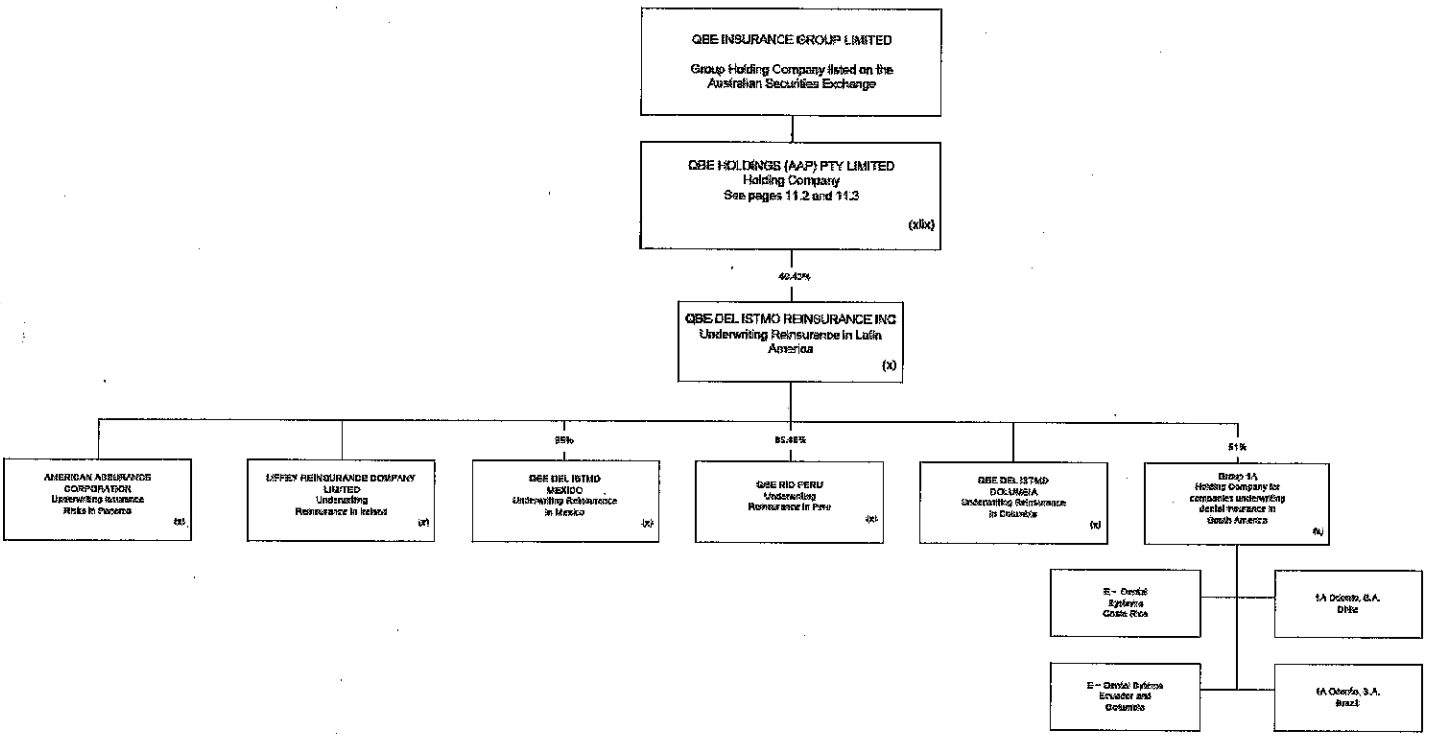
- ASIA PACIFIC
- Note some minor companies are included in other divisions



Statement for September 30, 2010 of the **Unigard Insurance Company**

GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

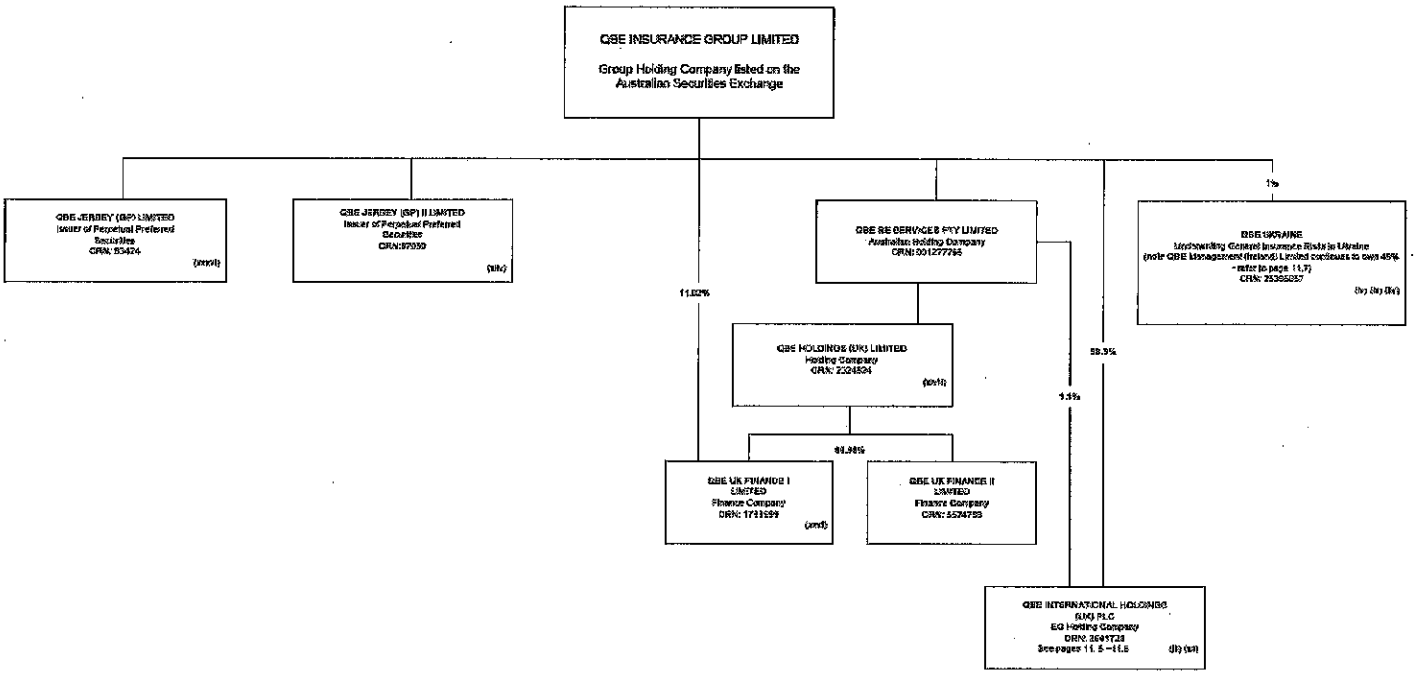
- QBE DEL ISTMO – SUB GROUP OF COMPANIES



Statement for September 30, 2010 of the **Unigard Insurance Company**

GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

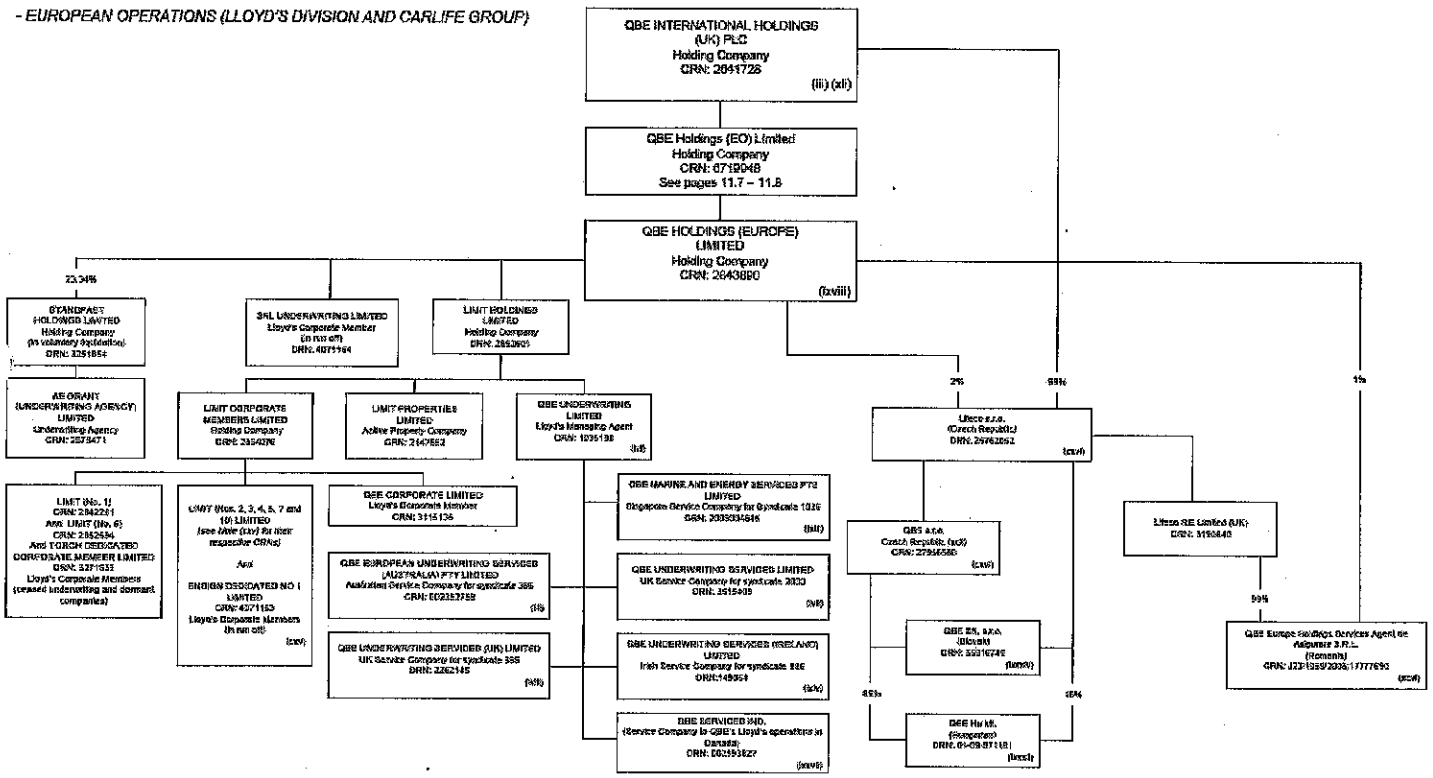
- EUROPEAN SPECIAL PURPOSE COMPANIES



Statement for September 30, 2010 of the **Unigard Insurance Company**

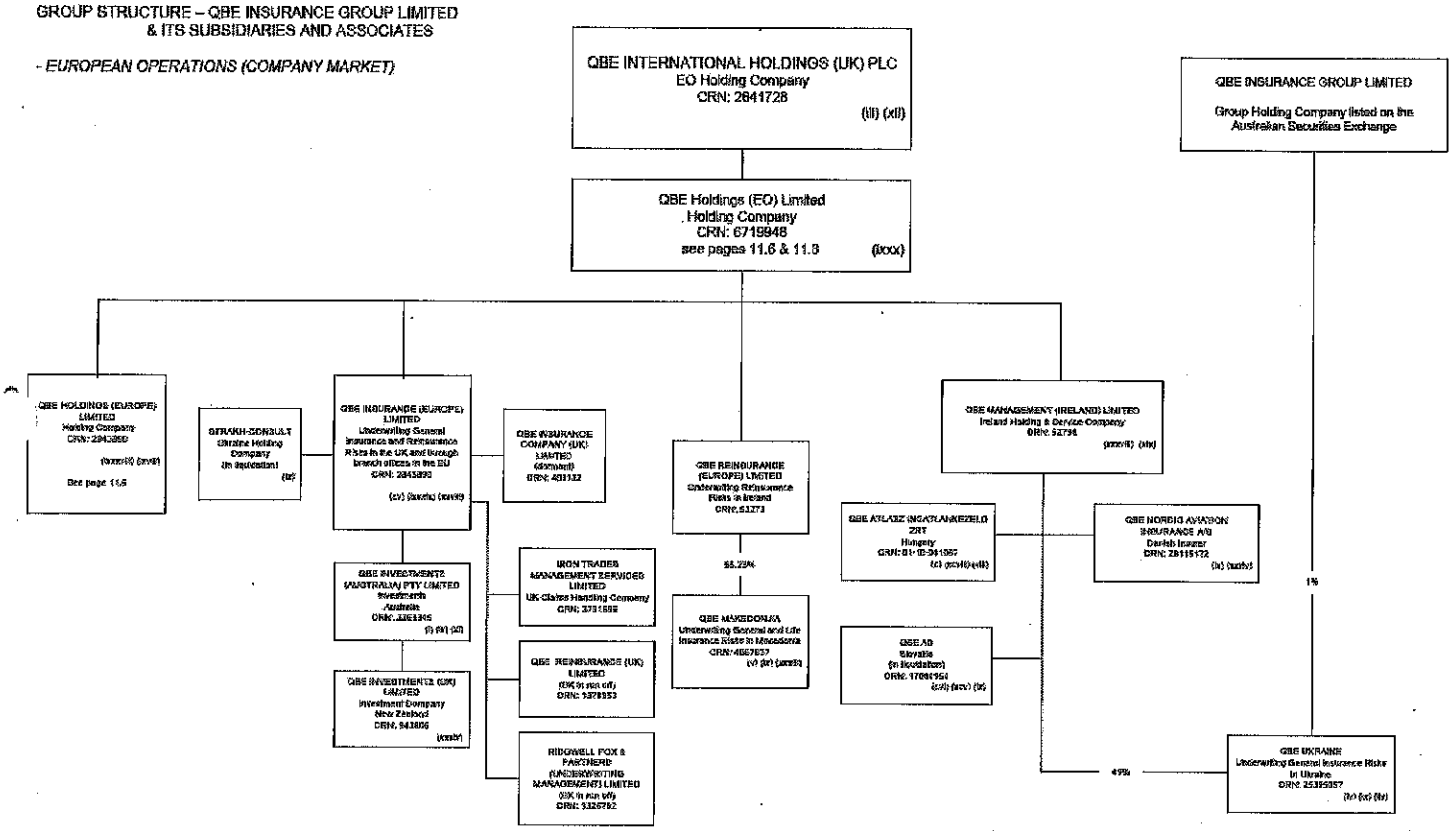
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (LLOYD'S DIVISION AND CARLIFE GROUP)



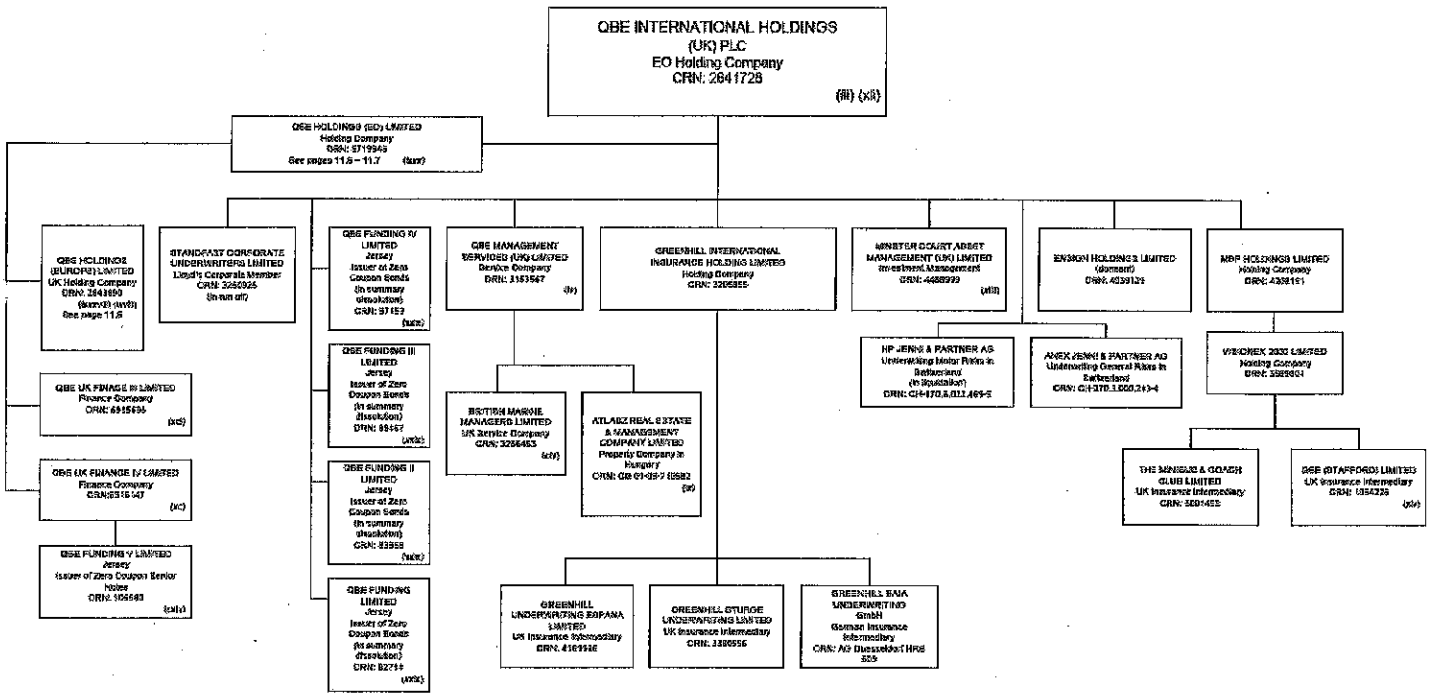
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (COMPANY MARKET)



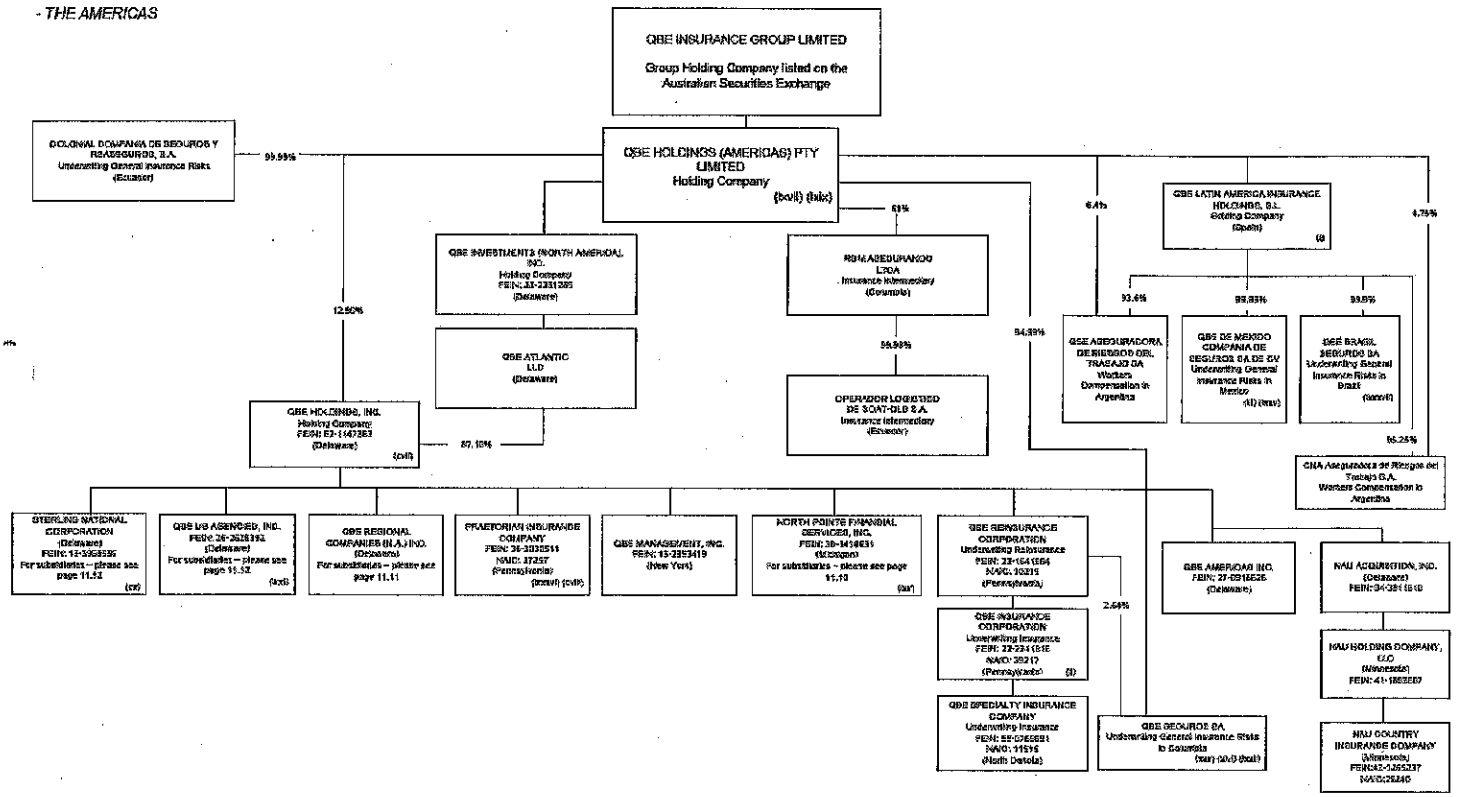
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (SERVICE, FUNDING AND OTHER COMPANIES)



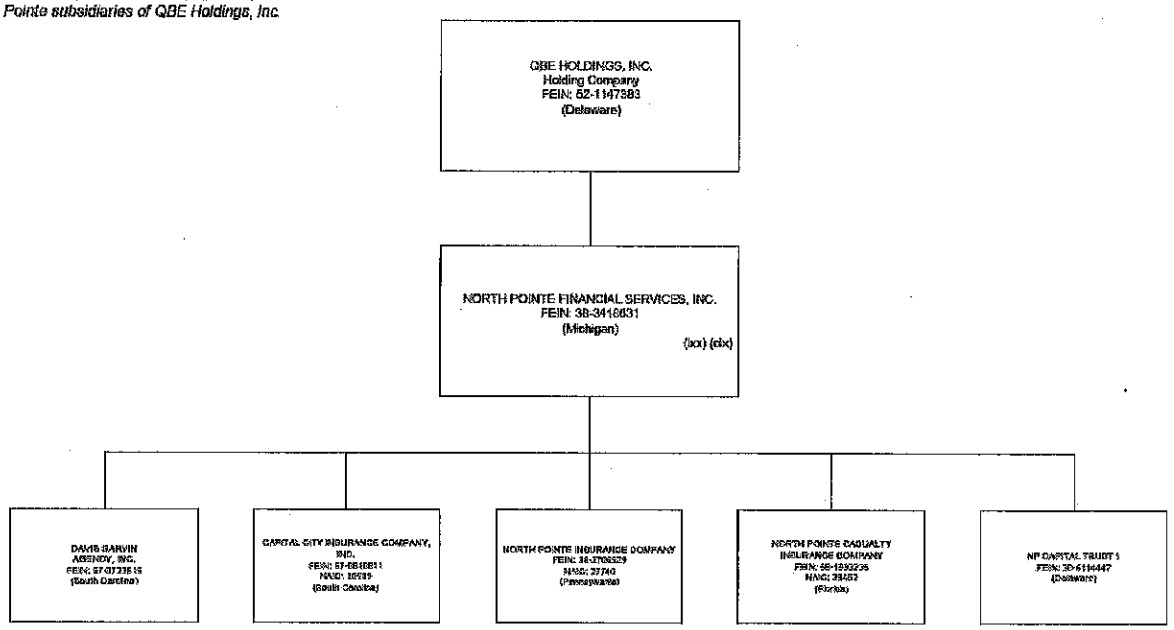
Statement for September 30, 2010 of the **Unigard Insurance Company**
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS



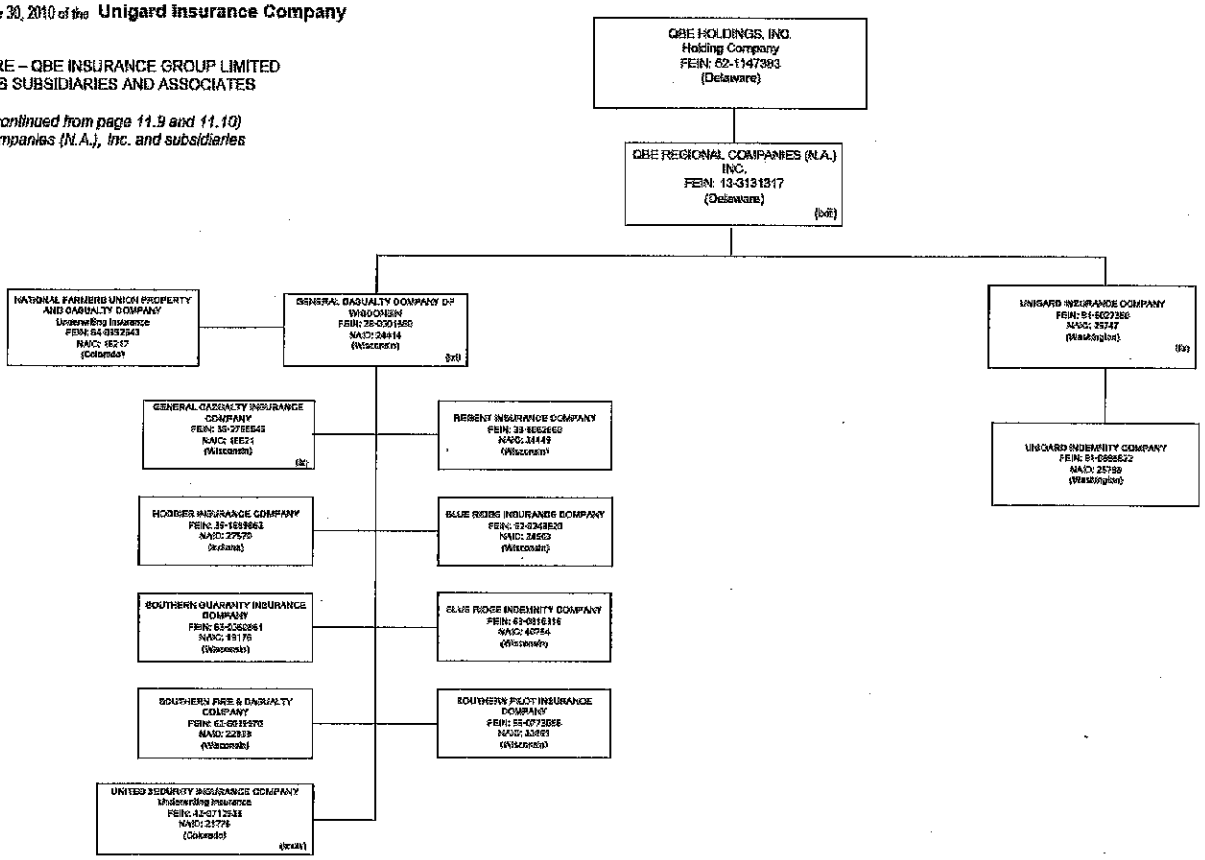
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9)
North Pointe subsidiaries of QBE Holdings, Inc.



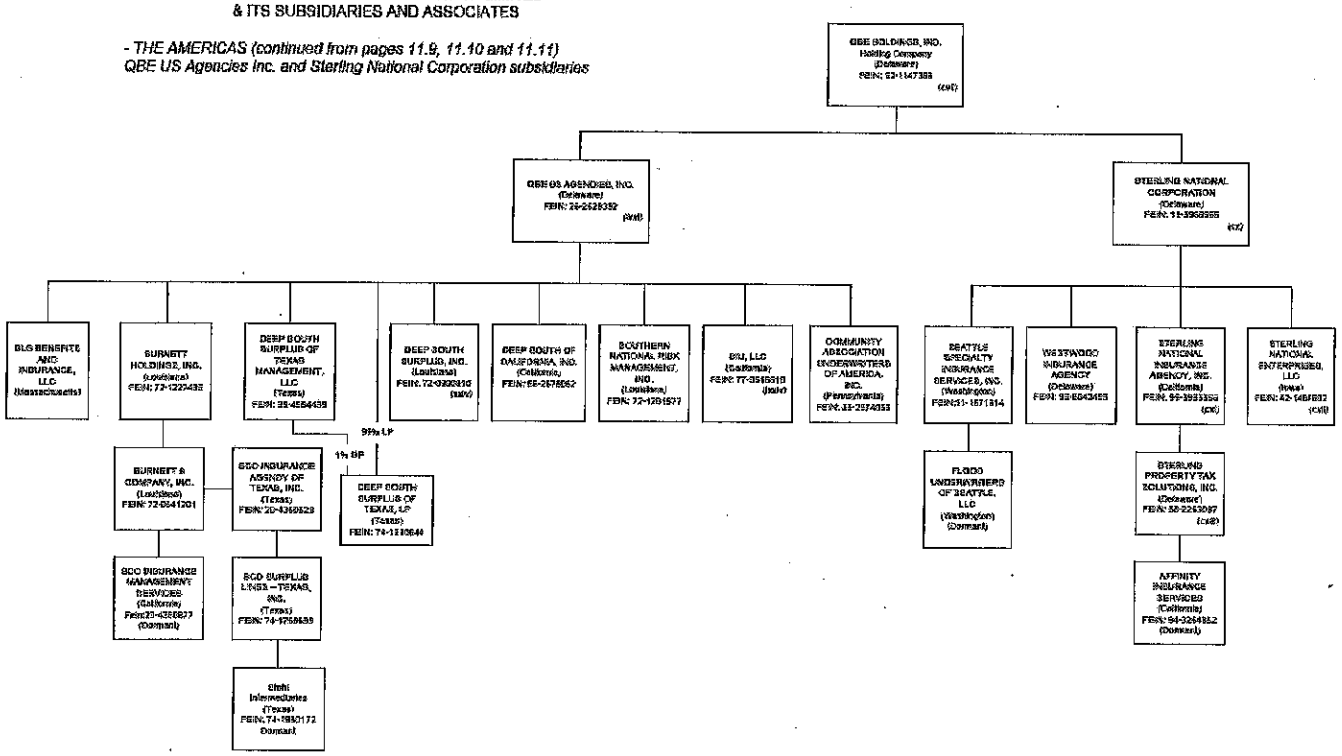
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9 and 11.10)
QBE Regional Companies (N.A.), Inc. and subsidiaries



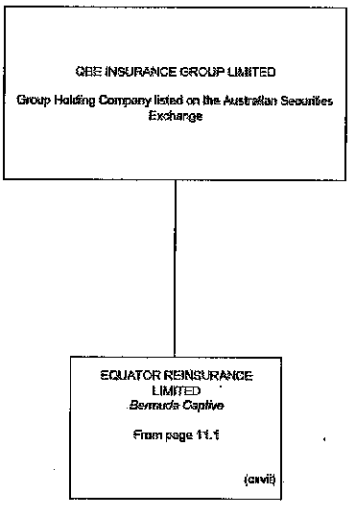
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 11.9, 11.10 and 11.11)
QBE US Agencies Inc. and Sterling National Corporation subsidiaries



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EQUATOR REINSURANCES



Statement for September 30, 2010 of the Unigard Insurance Company

Notes to be read in conjunction with the QBE Group and Regional Structures (continued next page)

(i) - Access shares held by QBE Insurance Group Limited
(ii) - Unrelated Thai company (Born to Win Company Ltd) and its associates own 51% of shares.
(iii) - Preference shares held by QBE UK Finance II Limited
(iv) - Total Group Holdings = 60%
(v) - QBE has 73.5% of the voting rights with its shareholding
(vi) - 59% held directly; 16% held by a Filipino law firm
(vii) - Part of European Operations. Company changed name to QBE Allasz Biztosito ZRT (30 September 2006), then to Stefania Biztosito Zrt (1 January 2008) and then to QBE Allasz Ingatlankezelo Zrt (4 August 2008)
(ix) - Part of European Operations
(x) - Part of the Americas – sub-group includes QBE Del Istmo Mexico (95%), QBE Rio Peru (80%), QBE Del Istmo Columbia (100%), American Assurance Corp. (100%), Group 1A (51%) and Seguros Carabobo CA Venezuela (15%) was previously part of this American sub-group until sold in 2005 to "Econoinvest" (a Venezuelan company).
(xi) - Part of the Americas
(xii) - Managed in Dublin as a separate division
(xiii) - Formerly Queensland Insurance (Fiji) Limited (28 April 2004)
(xiv) - Formerly Tolson Messenger Limited (2004)
(xv) - Formerly Australian Aviation Insurance Group (Agency) PTY Ltd (1 July 2004)
(xvi) - Formerly Zurich Insurance (Singapore) Pte Ltd (14 April 2005)
(xvii) - Formerly Insure IT Services Pty Ltd (05 November 2004)
(xviii) - Acquired the balance of Concord Agency Companies in July 2006 other than Underwriting Marketing Services Pty Limited
(xix) - Changed its name to QBE Kindlustuse Eesti AS on 20 April 2005 – acquired 7 April 2006
(xx) - Formerly QBE-MBF Insurance Berhad (31 December 2004)
(xxi) - Formerly Mercantile Mutual WorkSure Limited (14 February 2005)
(xxii) - Formerly Mercantile Mutual Insurance (SA Workers Compensation) Limited (14 February 2005)
(xxiii) - Formerly Mercantile Equities Pty Limited (8 March 2005)
(xxiv) - The following have merged with Deep South Surplus, Inc. (Louisiana): on 14 May 2008 – DSS of Georgia, Inc., DSS of Tennessee, Inc., DSS of Colorado, Inc., DSS of Ohio, Inc., DSS of Florida, Inc. and DS Connecticut, Inc.; on 26 May 2009 DSS of New Mexico, Inc.; on 22 September 2009, DSS of Arkansas, Inc.; and on 23 September 2009, DS of Oklahoma, Inc.
(xxv) - Formerly Mercantile Mutual Insurance (Australia) Limited (15 April 2005)
(xxvi) - Formerly Mercantile Mutual Insurance (Workers Compensation) Limited (15 April 2005)
(xxvii) - Formerly QBE Mercantile Mutual Limited (5 May 2005)
(xxviii) - Formerly QBE International Insurance Limited (30 September 2005)
(xxix) - SPVs utilised in LYONs and SCS transactions through, respectively, QBE Funding Trust (LYONs), QBE Funding Trust II (LYONs II), QBE Funding Trust III (SCS aka LYONs III) and QBE Funding Trust IV (LYONs IV)
(xxx) - Companía Central de Seguros de Vida SA, former subsidiary, was merged into Companía Central de Seguros SA on 30 November 2005
(xxxi) - Formerly Gardsale Limited (30 November 2006)
(xxxii) - Sale of 50% interest in separate legal entity, BIDV-QBE Insurance Company occurred simultaneously with this acquisition. Previously Allianz General Insurance (Vietnam) Co. Ltd. completed 1 Jan 2006
(xxxiii) - Formerly owned by QBE Insurance (Europe) Limited
(xxxiv) - Formerly Nordic Aviation Insurance A/S – completion occurred 30 March 2006
(xxxv) - Born to Win Company Ltd holds 19.26% directly
(xxxvi) - SPV utilised in Perpetual Preferred Securities issue through QBE Capital Funding LP
(xxxvii) - QBE Management Services (Philippines) Pty Ltd incorporated in NSW (25 September 2006)
(xxxviii) - Universal Management Limited changed its name to QBE Management (Ireland) Limited on 3 October 2006
(xxxix) - QBE Workable Limited changed its name to QBE Investments (UK) Limited on 20 December 2006
(xl) - Queensland Insurance (Australia) Pty Limited changed its name to QBE Investments (Australia) Pty Limited on 6 January 2007
(xli) - QBE Re Services Pty Ltd owns one ordinary share
(xlii) - QBE Finance Pty Limited changed its name to Minster Court Asset Management Pty Ltd on 2 February 2007
(xliii) - Minster Court Asset Management Limited changed its name to Minster Court Asset Management (UK) Limited on 19 February 2007
(xliv) - SPV utilised in April 2007 Perpetual Preferred Securities issue through QBE Capital Funding LP II
(xlv) - Minibus Plus Ltd changed its name to QBE (Stafford) Ltd on 9 July 2007
(xlvi) - Companía Central de Seguros changed its name to QBE Seguros SA on 31 March 2007
(xlvii) - Universal Underwriting Agencies Pty Limited acquired 31 August 2007
(xlviii) - QBE Holdings (UK) Limited now owns one ordinary share on 4 September 2007

Note: all shareholdings are 100% unless specified

(xlix) - QBE International (Investments) Pty Limited changed its name to QBE Holdings (AAP) Pty Limited on 12 September 2007
(l) - QBE Latin America Insurance Holdings, S.L. capitalised on 21 September 2007
(li) - QBE Insurance Corporation (the Americas) purchased the entire issued share capital of Cumbre Seguros de Mexico, S.A. de C.V. on 1 November 2007
(lii) - British Marine Holdings Limited changed its name to Equator Re (Australia) Limited on 14 November 2007
(liii) - DA Constable Syndicate Pty Limited changed its name to QBE European Underwriting Services Australia Pty Limited on 22 November 2007
(liv) - QBE – UGPB changed its name to QBE UKRAINE on 23 November 2007
(lv) - QBE Management (UK) Limited changed its name to QBE Management Services (UK) Limited on 31 December 2007
(lvi) - Limit Underwriting Limited changed its name to QBE Underwriting Limited on 31 December 2007
(lvii) - Limit Technology and Commercial Underwriting Limited changed its name to QBE Underwriting Services Limited on 31 December 2007
(lviii) - DA Constable Syndicate Limited changed its name to QBE Underwriting Services (UK) Limited on 31 December 2007
(lix) - Unigard Pacific Insurance Company merged into Unigard Insurance Company on 31 December 2007
(lx) - General Casualty Company of Illinois redomiciled to Wisconsin and changed its name to General Casualty Insurance Company on 31 December 2007
(lxi) - Massmeal Insurance Company reorged into General Casualty Company of Wisconsin on 31 December 2007
(lxii) - Unigard Inc. QBE US Investment Management Corp., Republic Financial Services, Inc. (NV), Republic Financial Services, Inc. (TX), and QBE North American Management, Inc. merged into QBE Regional Companies (N.A.) Inc. on 31 December 2007
(lxiii) - QBE Marine and Energy Services PTE Limited incorporated in Singapore on 7 January 2008
(lxiv) - DA constable Syndicate (Ireland) Limited changed its name to QBE Underwriting Services (Ireland) Limited on 16 January 2008
(lxv) - Countries of operation include French Polynesia, Macau, New Caledonia, New Zealand, Singapore and Solomon Islands
(lxvi) - Ownership transferred from QBE Insurance Group Limited to QBE Holdings (AAP) Pty Limited on 13 March 2008
(lxvii) - 100% shareholding in then named QBE Australia Pty Limited was transferred from QBE Re Services Pty Limited to QBE Insurance Group Limited on 25 March 2008
(lxviii) - Limit PLC changed its name to QBE Holdings (Europe) Limited and was re-registered as a private company on 7 April 2008
(lxix) - QBE Australia Pty Limited changed its name to QBE Holdings (Americas) Pty Limited on 23 April 2008
(lxx) - North Pointe Holdings Corporation merged into North Pointe Financial Services, Inc. effective 1 October 2008
(lxxi) - QBE US Agencies Inc. incorporated on 18 April 2008, acquired Deep South companies on 2 June 2008
(lxxii) - 94.66% shareholding in QBE Seguros SA transferred to QBE Latin America Insurance Holdings, S.L. on 30 June 2008 – the remaining 2.34% owned by many minority shareholders
(lxxiii) - 80% of Sanderson Insurance Brokers Pty Limited (SIB) acquired on 1 July 2008 together with its wholly owned subsidiary, Underwriting Agencies of Australia Pty Limited. SIB changed its name to Underwriting Agencies of Australia (Holdings) Pty Ltd on 28 January 2009
(lxxiv) - QBE US Agencies acquired SIU, LLC on 1 July 2008
(lxxv) - Cumbre Compania de Seguros SA de CV changed its name to QBE de Mexico Compania de Seguros SA de CV on 5 August 2008
(lxxvi) - QHU Underwriting Agencies (UK) Ltd was incorporated on 27 August 2008
(lxxvii) - Permanent is a joint venture between QBE Lenders' Mortgage Insurance Limited ("QBE LMI") and Heritage Building Society ("Heritage") of which QBE LMI owns 50.1% and Heritage owns 49.9%. The joint venture operates to substance as a distribution vehicle through Heritage.
(lxxviii) - Incorporated on 1 January 2009
(lxxix) - Transfer effective 31 December 2008
(lxxx) - Incorporated under name of Heckremco (No. 2564) Limited on 9 October 08 and changed name to QBE Holdings (EO) Limited on 11 November 2008
(lxxxi) - QBE Pacific Insurance Limited was amalgamated with QBE Insurance (PNG) Limited on 1 December 2008 to become one entity named QBE Insurance (PNG) Limited
(lxxxii) - Cerlife kft changed name to QBE Hu kft on 19 March 2009
(lxxxiii) - Cerlife PMP s.r.o. and Creditlife CZ s.r.o. merged into Cerlife Direct s.r.o. on 19 March 2009
(lxxxiv) - Cerlife SK, s.r.o. changed name to QBE SK, s.r.o. on 19 March 2009
(lxxxv) - Effective 1 January 2009 the company is a subsidiary of General Casualty Company of Wisconsin. This was done via an extraordinary dividend by National Farmers Union Property and Casualty Company
(lxxxvi) - Praetodan Specialty Insurance Company, i.e. a prior subsidiary of Praetorian Insurance Company was sold as of 17 February 2009. Praetorian Insurance Company redomiciled to Pennsylvania effective 29 July 2009
(lxxxvii) - The 0.01% (1 share) is owned by Alessandro Jarzynski (CEO of QBE Brazil)
(lxxxviii) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd on 3 July 2009
(lxxxix) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd 3 July 2009
(xc) - Incorporated on 27 May 2009
(xci) - Incorporated on 27 May 2009
(xcii) - Cerlife Direct s.r.o. changed its name to QBE s.r.o. on 7 April 2009
(xciii) - Business transferred to QBE Insurance (Europe) Ltd Hungary Branch on 1 October 2008
(xciv) - Business transferred to QBE Insurance (Europe) Ltd Estonia Branch on 1 November 2008
(xcv) - QBE Poistovna, a.s. changed its name to QBE, a.s. on 5 May 2009
(xcvi) - Cerlife SRL changed its name to QBE Europe Holdings Agent de Asigurare S.R.L. on 18 May 2009
(xcvii) - Cerlife Sp. Z.o.o. changed its name to QBE PL Sp. Z.o.o. on 9 March 2009

Notes to be read in conjunction with the QBE Group Regional Structures (continued from previous page)

(xxviii) - Name changed from Stefania Biztosito Zrt to QBE Atlasz Ingatlankezelo Zrt on 4 August 2009
(xxix) - The following companies have dissolved: QBE Corporate Holdings Limited – 2 August 2009; QBE Corporate Capital Holdings plc – 2 August 2009; Energy Insurance Services Limited – 5 August 2009; Icon Schemes Limited – 5 August 2009
(c) - Atlasz Ueu Kft was de-registered on 3 August 2009
(ci) - Acquired 30 September 2009
(cii) - Acquired 30 September 2009
(ciii) - Incorporated 14 August 2009. Joint Venture General Insurance Underwriting Agency – owned 75% by QBE Holdings (AAP) Pty Limited and 25% by Elders Rural Services Australia Limited.
(civ) - Transfer of ownership of British Marine Managers Ltd from Equator Re (Australia) Limited to QBE Management Services (UK) Limited on 28 January 2010
(cv) - British Marine Holdings II S.A., British Marine holdings S.A. and British Marine Luxembourg S.A. merged into QBE Insurance (Europe) Limited on 31 March 2010 by Court Order
(cvi) - Ceased underwriting business 3 June 2009. Now dormant company.
(cvii) - Prestorian Financial Group Inc. (Delaware) merged into QBE Holdings, Inc. effective 31 March 2010
(cviii) - Redland Insurance Company merged into Prestorian Insurance Company effective 31 March 2010
(cix) - Capital City Holding Company, Inc. (South Carolina) merged into North Pointe Financial Services, Inc. on 1 January 2010
(cx) - ZC Sterling Corporation name changed to Sterling National Corporation effective 22 February 2010
(cxi) - ZC Sterling Insurance Agency, Inc. name changed to Sterling National Insurance Agency, Inc. effective 1 April 2010
(cxii) - Bro Enterprises LLC name changed to Sterling National Enterprises, LLC effective 23 February 2010
(cxiii) - ZC Real Estate Tax Solutions Limited name changed to Sterling Property Tax Solutions, Inc. effective 22 February 2010
(cxiv) - QBE Funding V Limited incorporated on 26 April 2010 in Jersey
(cxv) - Limit No. 2 CRN: 2842277, Limit No. 3 CRN: 2842272, Limit No. 4 CRN: 2852608, Limit No. 5 CRN: 2852609, Limit No. 7 CRN: 2852606, Limit No. 10 CRN: 2852604.
(cxvi) - QBE FL Sp. Z.o.o. disposed on 14 May 2010 to third party
(cxvii) - Equator Re (Australia) Limited was amalgamated with Equator Re Reinsurances Limited on 11 June 2010

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date 1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	4 Prior Year to Date Direct Loss Percentage
1. Fire	6,754,211	1,713,890	25.4	29.1
2. Allied lines	4,797,279	3,446,107	71.8	55.5
3. Farmowners multiple peril	7,882,120	4,805,200	68.4	76.5
4. Homeowners multiple peril	15,187,925	6,311,736	41.6	49.9
5. Commercial multiple peril	48,574,123	35,860,089	73.8	47.3
6. Mortgage guaranty			0.0	
8. Ocean marine		(71)	0.0	
9. Inland marine	2,020,333	76,300	3.8	24.6
10. Financial guaranty			0.0	
11.1. Medical professional liability - occurrence			0.0	
11.2. Medical professional liability - claims-made			0.0	
12. Earthquake	409,469	(19,913)	(4.9)	1.9
13. Group accident and health			0.0	
14. Credit accident and health			0.0	
15. Other accident and health			0.0	
16. Workers' compensation		(181,605)	0.0	
17.1 Other liability-occurrence	14,555,620	2,434,709	16.7	21.1
17.2 Other liability-claims made			0.0	
17.3 Excess workers' compensation			0.0	
18.1 Products liability-occurrence	277,355	(110,248)	(39.7)	(17.7)
18.2 Products liability-claims made			0.0	
19.1, 19.2 Private passenger auto liability	28,955,060	17,537,601	60.6	65.9
19.3, 19.4 Commercial auto liability	29,455,836	15,259,165	51.8	52.9
21. Auto physical damage	24,687,647	12,601,949	51.0	49.6
22. Aircraft (all perils)			0.0	
23. Fidelity	14,231	(4,577)	(32.2)	(17.9)
24. Surety			0.0	
26. Burglary and theft	8,489	(2,522)	(29.7)	(36.4)
27. Boiler and machinery			0.0	
28. Credit			0.0	
29. International			0.0	
30. Warranty			0.0	
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	
35. Totals	183,579,688	99,527,610	54.2	49.6
DETAILS OF WRITE-INS				
3401.			0.0	
3402.			0.0	
3403.			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire	2,397,973	6,214,668	7,573,036
2. Allied lines	1,862,363	4,516,021	5,573,329
3. Farmowners multiple peril	2,688,657	8,052,584	7,633,450
4. Homeowners multiple peril	5,916,544	15,862,908	14,865,161
5. Commercial multiple peril	19,813,876	51,113,206	49,271,814
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	551,646	1,844,312	2,243,027
10. Financial guaranty			
11.1 Medical professional liability - occurrence			
11.2 Medical professional liability - claims made			
12. Earthquake	144,913	396,468	390,023
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence	5,745,886	14,872,867	14,849,375
17.2 Other liability-claims made			
17.3 Excess workers' compensation			
18.1 Products liability-occurrence	103,393	242,139	287,032
18.2 Products liability-claims made			
19.1 19.2 Private passenger auto liability	10,200,016	29,437,335	28,955,848
19.3 19.4 Commercial auto liability	11,464,121	30,645,562	30,490,851
21. Auto physical damage	8,186,571	23,791,868	26,882,139
22. Aircraft (all perils)			
23. Fidelity	3,920	10,527	16,261
24. Surety			
26. Burglary and theft	1,286	10,314	7,518
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. Totals	69,181,075	187,010,779	189,038,664
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2010 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2010 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2010 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2007 + Prior	103,665	32,274	135,139	32,662	549	33,211	72,588	2,993	25,872	101,453	1,805	(2,760)	(955)
2. 2008	39,597	8,565	47,762	11,979	217	12,196	30,919	1,139	5,679	37,736	2,801	(621)	2,280
3. Subtotals 2008 + Prior	143,062	40,839	183,901	44,641	866	45,507	103,507	4,132	32,550	139,189	4,606	(3,381)	1,325
4. 2009	51,051	25,159	76,211	25,363	1,504	26,867	31,305	5,230	10,415	46,950	5,618	(5,012)	606
5. Subtotals 2009 + Prior	194,113	65,998	260,102	70,004	2,370	72,374	134,812	9,362	42,964	186,139	10,224	(8,393)	1,931
2010	XXX	XXX	XXX	XXX	66,584	66,584	XXX	41,467	17,696	59,163	XXX	XXX	XXX
7. Totals	194,113	65,959	260,102	70,004	68,954	138,958	134,818	50,829	60,660	245,302	10,224	(8,393)	1,931
8. Prior Year-End's Surplus As Regards Policyholders	568,381										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 5.3 %	2. (12.8)%	3. 0.7 %
													Col. 13, Line 7 Line 8
													4. 1.0 %

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

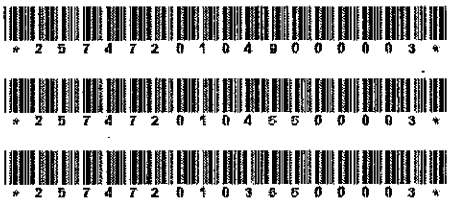
The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.
2.
3.

Bar Code:



Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
2404. Fair plan receivable	366,201	366,201	0	
2405. Automated check suspense	132,730	158,045	(25,315)	
2406. Receivable from non-affiliate	756,022		756,022	686,685
2407. Accounts and notes receivable	308,741	300,741	8,000	(32)
2497. Summary of remaining write-ins for Line 24	1,563,694	824,987	738,707	686,653

Additional Write-ins for Liabilities:

	1 Current Statement Date	2 December 31, Prior Year
2404. Retrospective Premium accrued	1,201,085	1,347,008
2405. Escheat reserve	77,292	91,265
2406. Class action lawsuit liability	99,308	126,418
2497. Summary of remaining write-ins for Line 24	1,377,685	1,564,691

Additional Write-ins for Statement of Income:

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
3704. Additional admitted deferred tax assets	(1,048,365)		4,626,026
3705. Reclassification of additional admitted deferred tax assets to special surplus funds	1,048,365		(4,626,026)
3797. Summary of remaining write-ins for Line 37	0	0	0

SCHEDULE A - VERIFICATION

Real Estate

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	49,560,229	52,718,611
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition	194,006	600,716
3.	Current year change in encumbrances		
4.	Total gain (loss) on disposals		
5.	Deduct amounts received on disposals		274,993
6.	Total foreign exchange change in book/adjusted carrying value		
7.	Deduct current year's other than temporary impairment recognized		
8.	Deduct current year's depreciation	2,579,860	3,484,105
9.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	47,174,376	49,560,229
10.	Deduct total nonadmitted amounts		
11.	Statement value at end of current period (Line 9 minus Line 10)	47,174,376	49,560,229

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

		1 Year to Date	2 Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition		
3.	Capitalized deferred interest and other		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)		
6.	Total gain (loss) on disposals		
7.	Deduct amounts received on disposals		
8.	Deduct amortization of premium and mortgage interest points and commitment fees		
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest		
10.	Deduct current year's other than temporary impairment recognized		
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12.	Total valuation allowance		
13.	Subtotal (Line 11 plus Line 12)	0	0
14.	Deduct total nonadmitted amounts		
15.	Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	454,127	499,234
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition		68,348
3.	Capitalized deferred interest and other		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)	(126,851)	(45,107)
6.	Total gain (loss) on disposals	76,900	(71,163)
7.	Deduct amounts received on disposals	76,900	(4,815)
8.	Deduct amortization of premium and depreciation		
9.	Total foreign exchange change in book/adjusted carrying value		
10.	Deduct current year's other than temporary impairment recognized		
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	327,276	454,127
12.	Deduct total nonadmitted amounts		
13.	Statement value at end of current period (Line 11 minus Line 12)	327,276	454,127

SCHEDULE D - VERIFICATION

Bonds and Stocks

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year	168,477,082	164,028,930
2.	Cost of bonds and stocks acquired	70,852,226	138,126,804
3.	Accrual of discount	215,867	525,013
4.	Unrealized valuation increase (decrease)	(1,220,349)	13,570,673
5.	Total gain (loss) on disposals	2,184,414	(4,810,228)
6.	Deduct consideration for bonds and stocks disposed of	68,634,854	139,340,306
7.	Deduct amortization of premium	78,581	156,287
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized	707,905	3,466,518
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	171,087,901	168,477,082
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	171,087,901	168,477,082

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	259,537,969	133,935,673	135,577,027	(146,682)	295,556,921	259,537,969	257,750,785	228,931,470
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	259,537,969	133,935,673	135,577,027	(146,682)	295,556,921	259,537,969	257,750,785	228,931,470
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	259,537,969	133,935,673	135,577,027	(146,682)	295,556,921	259,537,969	257,750,785	228,931,470

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $....12,735,916; NAIC 2 $....0; NAIC 3 $....0; NAIC 4 $....0; NAIC 5 $....0; NAIC 6 $....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	142,739,308	XXX	143,040,959	337,448	150,550

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	127,989,009	17,982,978
2. Cost of short-term investments acquired	161,897,679	185,456,320
3. Accrual of discount	126,190	221,179
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	7,061	
6. Deduct consideration received on disposals	146,899,794	75,671,468
7. Deduct amortization of premium	380,839	
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	142,739,308	127,989,009
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	142,739,308	127,989,009

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

NONE

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 8, prior year)	
2.	Cost paid (consideration received) on additions	
3.	Unrealized valuation increase (decrease)	
4.	Total gain (loss) on termination recognized	
5.	Considerations received (paid) on terminations	
6.	Amortization	
7.	Adjustment to the Book/Adjusted Carrying Value of hedge item	
8.	Total foreign exchange change in Book/Adjusted Carrying Value	
9.	Book/Adjusted Carrying Value, December 31, current year (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8)	0
10.	Deduct nonadmitted assets	
11.	Statement value at end of current period (Line 9 minus Line 10)	0

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

1.	Book/Adjusted Carrying Value, December 31, prior year				0
2.	Net cash deposits (Section 1, Broker Name/Net Cash Deposits footnote)				
3.1	Change in variation margin on open contracts				
3.2	Add:				
	Change in adjustment to basis of hedged item:				
	3.21 Section 1, Column 16, current year to date minus				
	3.22 Section 1, Column 16, prior year		0		
	Change in amount recognized:				
	3.23 Section 1, Column 15, current year to date minus				
	3.24 Section 1, Column 15, prior year		0	0	
3.3	Subtotal (line 3.1 minus Line 3.2)				0
4.1	Variation margin on terminated contracts during the year				
4.2	Less:				
	4.21 Amount used to adjust basis of hedged item				
	4.22 Amount recognized		0		
4.3	Subtotal (line 4.1 minus Line 4.2)				0
5.	Dispositions gains (losses) on contracts terminated in prior year:				
	5.1 Recognized				
	5.2 Used to adjust basis of hedged items				
6.	Book/Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)				0
7.	Deduct nonadmitted assets				
8.	Statement value at end of current period (Line 6 minus Line 7)				0

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of cash equivalents acquired	259,943,914	19,994,847
3. Accrual of discount	61,449	4,881
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	27	85
6. Deduct consideration received on disposals	229,998,780	19,999,813
7. Deduct amortization of premium		
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	29,996,610	0
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	29,996,610	0

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location		4	5	6	7	8	9
Description of Property	2 City	3 State	Date Acquired	Name of Vendor	Actual Cost at Time of Acquisition	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Additional Investment Made After Acquisition
Acquired by Purchase								
Bldgs, and 47 acre lot at 15805 N.E. 28th Street	Bellevue	WA	09/30/2010	Integrated Systems				37,025
Bldgs, and 47 acre lot at 15805 N.E. 28th Street	Bellevue	WA	07/01/2010	Silver Industries				2,906
Bldgs, and 47 acre lot at 15805 N.E. 28th Street	Bellevue	WA	08/01/2010	Prime Electric				15,965
Bldgs, and 47 acre lot at 15805 N.E. 28th Street	Bellevue	WA	09/02/2010	Marvin Stein & Associates				5,126
Bldgs, and 47 acre lot at 15805 N.E. 28th Street	Bellevue	WA	09/30/2010	SeaCom				352
5 Bldgs at 15805 N. E. 24th Street	Bellevue	WA	09/30/2010	Computer Power & Service				12,289
5 Bldgs at 15805 N. E. 24th Street	Bellevue	WA	09/30/2010	Jones Lang Lasalle				85,654
5 Bldgs at 15805 N. E. 24th Street	Bellevue	WA	09/30/2010	Subera Management Inc.				12,916
8999999. Totals					0	0	0	191,233
9099999. Totals					0	0	0	191,233

SCHEDULE A - PART 3

Showing all Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1	Location		4	5	6	7	8	Change in Book/Adjusted Carrying Value Less Encumbrances					14	15	16	17	18	19	20
Description of Property	2 City	3 State	Disposal Date	Name of Purchaser	Actual Cost	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances Prior Year	9 Current Year's Depreciation	10 Current Year's Other than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (10 - 9 - 10)	13 Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Amounts Received During Year	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs, and Expenses Incurred
NONE																			

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

Sch. BA-Pt 2
NONE

Sch. BA-Pt 3
NONE

Statement for September 30, 2010 of the **Unigard Insurance Company**

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous									
46625E 38 6	Jpmorgan chase & co FRN 22/09/2015		09/15/2010	JP Morgan - New York		3,000,000	3,000,000		1FE
36962G 42 4	General elec cap corp 1.875% 16/09/2013		09/23/2010	CSFB London		6,022,440	6,000,000	3,750	1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					9,022,440	9,000,000	3,750	XXX
8399997.	Total - Bonds - Part 3					9,022,440	9,000,000	3,750	XXX
8399999.	Total - Bonds					9,022,440	9,000,000	3,750	XXX
Common Stocks - Industrial and Miscellaneous									
428236 10 3	Hewlett-Packard Co.		07/01/2010	Transfers	2,850,000	122,665	XXX		L
500255 10 4	Kohls Corp.		07/01/2010	Transfers	2,340,000	109,998	XXX		L
166764 10 0	Chevron corp.		08/17/2010	Various	8,000,000	206,055	XXX		L
025816 10 9	American express co.		07/20/2010	Various	9,250,000	379,449	XXX		L
913017 10 9	United Technologies Corp.		07/01/2010	Transfers	2,950,000	131,356	XXX		L
437076 10 2	Home depot inc.		07/01/2010	Transfers	4,350,000	121,452	XXX		L
917047 10 2	Urban outfitters inc.		07/01/2010	Transfers	3,000,000	78,320	XXX		L
037411 10 5	Apache Corp.		07/23/2010	Various	2,600,000	222,880	XXX		L
032095 10 1	Amphenol corp cl a		09/30/2010	Various	10,350,000	442,445	XXX		L
17275R 10 2	Cisco Systems Inc.		08/17/2010	Various	36,380,000	872,540	XXX		L
445658 10 7	Hunt (jb) transport svcs inc.		09/01/2010	Various	7,460,000	258,140	XXX		L
02826C 83 9	Visa inc-class a shares		07/01/2010	Transfers	2,610,000	182,879	XXX		L
995306 10 7	Ppg industries inc.		07/01/2010	Transfers	1,800,000	115,395	XXX		L
691568 10 6	Mettler inc.		09/09/2010	Various	26,000,000	1,010,040	XXX		L
768573 10 7	Riverbed technology inc.		09/03/2010	Various	24,860,000	955,260	XXX		L
263534 10 9	Du pont (e.i.) de nemours		09/13/2010	Various	19,940,000	813,634	XXX		L
452308 10 9	Illinois tool works		07/01/2010	Transfers	1,560,000	69,006	XXX		L
060505 10 4	Bank of america corp.		07/01/2010	Transfers	14,980,000	209,699	XXX		L
172967 10 1	Citigroup inc.		08/27/2010	Various	200,740,000	741,627	XXX		L
030732 10 8	Amerisourcebergen corp.		08/12/2010	Various	8,000,000	240,374	XXX		L
50075N 10 4	Kraft foods inc-class a		07/01/2010	Transfers	5,280,000	147,840	XXX		L
037833 10 0	Apple inc.		07/01/2010	Transfers	1,280,000	318,054	XXX		L
88076W 10 3	Teradata corp.		09/30/2010	Various	18,420,000	560,365	XXX		L
023135 10 6	Amazon.com inc.		09/30/2010	Various	4,880,000	718,466	XXX		L
613475 10 5	Pnc financial services group		07/01/2010	Transfers	2,830,000	131,225	XXX		L
591044 10 1	Kroger co.		07/01/2010	Transfers	7,120,000	142,471	XXX		L
46625H 10 0	Jpmorgan chase & co.		07/06/2010	Various	9,910,000	357,174	XXX		L
92343V 10 4	Verizon Communications Inc.		09/15/2010	Various	9,990,000	290,188	XXX		L
594918 10 4	Microsoft Corp.		07/01/2010	Transfers	6,310,000	146,140	XXX		L
53217V 10 9	Life technologies corp.		07/01/2010	Transfers	2,250,000	104,661	XXX		L
090673 10 9	Biovail corporation		09/13/2010	Various	27,400,000	743,024	XXX		L
370334 10 4	General mills inc.		09/09/2010	Various	16,730,000	600,895	XXX		L
590768 40 3	Owens-illinois inc.		07/01/2010	Transfers	3,560,000	54,608	XXX		L

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
717081 10 3	Pfizer inc		07/01/2010	Transfers	12,420.000	182,479	XXX		L
029912 20 1	American tower corp cl a		08/25/2010	Various	5,100.000	243,357	XXX		L
264657 10 6	Walt disney co/the		07/01/2010	Transfers	4,490.000	141,390	XXX		L
12497T 10 1	Cb richard ellis group inc-a		08/09/2010	Various	57,790.000	984,674	XXX		L
30231G 10 2	Exxon mobil corp		07/01/2010	Transfers	4,080.000	230,969	XXX		L
406216 10 1	Halliburton co		08/27/2010	Various	15,150.000	457,610	XXX		L
291011 10 4	Emerson Electric Co		07/01/2010	Transfers	2,320.000	101,384	XXX		L
268648 10 2	Emc Corp/Mass		09/08/2010	Various	58,540.000	1,182,517	XXX		L
369604 10 3	General Electric Co		07/01/2010	Transfers	10,060.000	142,047	XXX		L
918903 10 0	Universal health services h		07/01/2010	Transfers	3,040.000	146,410	XXX		L
902973 30 4	Us bancorp		07/13/2010	Various	11,840.000	273,075	XXX		L
149123 10 1	Caterpillar inc		08/20/2010	Various	9,790.000	655,776	XXX		L
949746 10 1	Wells Fargo & Company		07/21/2010	Various	14,892.000	394,419	XXX		L
88724F 10 1	Adobe Systems Inc		07/01/2010	Transfers	3,270.000	87,178	XXX		L
855244 10 9	Starbucks corp		07/01/2010	Transfers	7,100.000	175,065	XXX		L
441060 10 0	Hospira inc		07/13/2010	Various	8,850.000	508,145	XXX		L
911312 10 6	United parcel service cl b		07/01/2010	Transfers	1,200.000	69,600	XXX		L
14149Y 10 8	Cardinal health inc		07/01/2010	Transfers	6,360.000	179,707	XXX		L
106407 10 2	Henry schein inc		07/01/2010	Transfers	1,230.000	66,951	XXX		L
770596 10 6	Roper industries inc		07/01/2010	Transfers	2,835.000	156,123	XXX		L
458140 10 0	Intel Corp		07/20/2010	Various	9,400.000	188,746	XXX		L
002824 10 0	Abbott Laboratories		07/01/2010	Transfers	2,450.000	113,827	XXX		L
718172 10 9	Philip morris international		07/01/2010	Transfers	3,920.000	182,476	XXX		L
907818 10 8	Union pacific corp		08/18/2010	Various	3,150.000	255,910	XXX		L
334802 10 4	Wiley gerlinger inc		07/01/2010	Transfers	1,300.000	128,375	XXX		L
941848 10 3	Waters corp		07/01/2010	Transfers	2,560.000	162,714	XXX		L
69360W 10 8	Parker hand company class a		07/01/2010	Transfers	1,420.000	108,019	XXX		L
87612E 10 6	Target Corp		08/09/2010	Various	10,060.000	523,631	XXX		L
191216 10 0	Coca-Cola Co/The		07/09/2010	Various	4,830.000	264,299	XXX		L
38259P 50 8	Google Inc-Cl A		07/01/2010	Transfers	230.000	101,083	XXX		L
9999999.	Total - Common Stocks - Industrial & Miscellaneous					20,175,043	XXX	0	XXX
9799997.	Total - Common Stocks - Part 3					20,175,043	XXX	0	XXX
9799999.	Total - Common Stocks					20,175,043	XXX	0	XXX
9999999.	Total - Preferred and Common Stocks					20,175,043	XXX	0	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					29,197,483	XXX	3,760	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues ..... 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous																					
36962G 2E 3	General Elec Cap Corp FRN 28/09/2011		09/23/2010	CSFB London		1,000,229	1,000,000	998,581	976,699			3,606		3,606	976,695		29,535	29,535	374	01/08/2011	1FE
481247 AN 4	Jpmorgan chase & co FRN 26/12/2012		09/15/2010	RBC New York		3,021,169	3,000,000	3,011,612	3,002,681			(45)		(45)	3,002,636		18,932	18,932	5,595	12/26/2012	1FE
90267A EN 2	Ubs ag stamford ct 1.41% CD 10/09/2010		09/10/2010	Maturity		11,000,000	11,000,000	11,000,000	11,000,000					0	11,000,000				157,564	09/10/2010	1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					15,021,398	15,000,000	14,910,005	14,978,590	0	3,641	0	3,641	0	14,982,231	0	39,157	39,157	163,736	XXX	XXX
8399997.	Total - Bonds - Part 4					15,021,398	15,000,000	14,910,005	14,978,590	0	3,641	0	3,641	0	14,982,231	0	39,157	39,157	163,736	XXX	XXX
8399999.	Total - Bonds					15,021,398	15,000,000	14,910,005	14,978,590	0	3,641	0	3,641	0	14,982,231	0	39,157	39,157	163,736	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
00724F 10 1	Adobe Systems Inc		07/05/2010	R W BAIRD UK	3,270.000	87,004	XXX	87,178	120,271	(33,093)			(33,093)		87,178		(136)	(136)		XXX	L
037833 10 0	Apple Inc		07/29/2010	Various	1,295.000	317,440	XXX	110,578	272,896	(162,320)			(162,320)		110,578		206,862	206,862		XXX	L
14149Y 10 8	Cardinal health inc		09/08/2010	Various	39,540.000	1,268,733	XXX	1,311,545	1,284,442	33,103			33,103		1,317,545		(56,812)	(56,812)	7,335	XXX	L
235851 10 2	Dana Corp/Mass		09/09/2010	Merill Lynch London	10,470.000	213,940	XXX	213,068					0		213,068		872	872		XXX	L
35906A 10 5	Frontier communications corp		07/06/2010	Oppenheimer US	5,500.000	45,576	XXX	59,947					0		59,947		(13,371)	(13,371)		XXX	L
38259P 50 8	Google Inc-Cl A		07/15/2010	R W BAIRD UK	1,725.000	797,385	XXX	914,737	2,139,161	(1,224,194)			(1,224,194)		914,737		(117,351)	(117,351)		XXX	L
45487 10 2	Henry schein inc		07/20/2010	JP Morgan London	8,990.000	456,043	XXX	525,579					0		525,579		(69,537)	(69,537)		XXX	L
428236 10 3	Hewlett-Packard Co		09/08/2010	Various	31,390.000	864,971	XXX	993,393	1,097,528	(104,285)			(104,285)		993,393		(128,422)	(128,422)	1,705	XXX	L
441060 10 0	Hospira Inc		09/29/2010	Raymond James London	8,310.000	453,841	XXX	508,145					0		508,145		(54,304)	(54,304)		XXX	L
452308 10 9	Illinois tool works		07/29/2010	Raymond James London	9,360.000	415,255	XXX	349,107	478,940	(129,834)			(129,834)		349,107		65,290	65,290	3,091	XXX	L
458140 10 0	Intel Corp		08/18/2010	Union Bank Of Switzerlan	9,740.000	173,288	XXX	215,269	198,935	16,573			16,573		215,269		(41,981)	(41,981)	3,534	XXX	L
46625H 10 0	Jpmorgan chase & co		09/23/2010	KBW London	13,850.000	497,344	XXX	561,616	578,796	(17,180)			(17,180)		561,616		(64,272)	(64,272)	895	XXX	L
500255 10 4	Kohls Corp		09/13/2010	JP Morgan London	4,050.000	226,544	XXX	208,519	252,932	(44,414)			(44,414)		208,519		18,026	18,026		XXX	L
500754 10 4	Kraft foods inc class a		09/29/2010	Various	5,430.000	166,074	XXX	193,500					0		193,500		(4,574)	(4,574)	5,695	XXX	L
501044 10 1	Kroger co		09/29/2010	Various	28,100.000	556,999	XXX	570,926	577,593	(6,667)			(6,667)		570,926		(79,936)	(79,936)	2,673	XXX	L
53217V 10 9	Life technologies corp		03/12/2010	R W BAIRD UK	16,000.000	732,106	XXX	671,972					0		671,972		(139,866)	(139,866)		XXX	L
589788 10 9	Merck & co inc		09/15/2010	Various	26,140.000	879,686	XXX	816,417	969,083	(52,666)			(52,666)		816,417		(136,730)	(136,730)		XXX	L
594918 10 4	Microsoft corp		09/29/2010	R W BAIRD UK	37,320.000	963,264	XXX	703,554	914,323	(210,769)			(210,769)		703,554		259,710	259,710	1,732	XXX	L
655844 10 8	Norfolk southern corp		09/01/2010	JP Morgan London	7,160.000	197,125	XXX	105,297	153,110	(58,903)			(58,903)		105,297		91,219	91,219	527	XXX	L
911312 10 6	United parcel service-cl b		09/01/2010	JP Morgan London	8,320.000	532,768	XXX	563,693	511,740	42,162			42,162		563,693		28,957	28,957	4,160	XXX	L
917047 10 2	Urban outfitters inc		08/25/2010	Oppenheimer US	21,950.000	691,605	XXX	755,941					0		755,941		(104,336)	(104,336)		XXX	L
92826C 83 9	Visa inc-class a shares		09/08/2010	Various	18,950.000	1,274,695	XXX	1,343,149	1,631,789	(287,980)			(287,980)		1,343,149		30,947	30,947	2,332	XXX	L
941848 10 3	Watsco corp		03/31/2010	Various	4,370.000	279,855	XXX	280,544	270,788	(10,122)			(10,122)		280,544		(15,173)	(15,173)		XXX	L
949746 10 1	Wells Fargo & Company		09/29/2010	Various	11,170.000	299,192	XXX	134,661	300,872	(165,711)			(165,711)		134,661		164,531	164,531	595	XXX	L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					12,226,269	XXX	12,415,494	11,663,635	(2,415,274)	0	0	(2,415,274)	0	12,415,494	0	(189,233)	(189,233)	28,549	XXX	XXX
9799997	Total - Common Stocks - Part 4					12,226,269	XXX	12,415,494	11,663,635	(2,415,274)	0	0	(2,415,274)	0	12,415,494	0	(189,233)	(189,233)	28,549	XXX	XXX
9799999.	Total - Common Stocks					12,226,269	XXX	12,415,494	11,663,635	(2,415,274)	0	0	(2,415,274)	0	12,415,494	0	(189,233)	(189,233)	28,549	XXX	XXX
9899999.	Total - Preferred and Common Stocks					12,226,269	XXX	12,415,494	11,663,635	(2,415,274)	0	0	(2,415,274)	0	12,415,494	0	(189,233)	(189,233)	28,549	XXX	XXX

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
9999999.	Total - Bonds, Preferred and Common Stocks				XXX	27,247,647	XXX	27,305,595	35,642,205	(2,416,274)	3,691	0	(2,412,583)	0	27,297,725	0	(150,076)	(150,076)	140,378	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues: 0.

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt A-Sn 1-Footnote
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1-Footnote
NONE

Sch. DB-Pt B-Sn 1B-Broker List
NONE

Sch. DB-Pt D
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter 6 First Month	7 Second Month	8 Third Month	9 *
Open Depositories								
Bank tokyo-mit ufj ny	New York, New York		0.505		12,344	11,000,168	11,000,950	11,000,916	XXX
Bnp Paribas Ny Branch	New York, New York		0.330		1,027			8,000,000	XXX
Citibank N.A.	Tampa, Florida					11,404,504	584,301	10,140,237	XXX
Skandinav Enskilda Bk Ny	New York, New York		0.950		50,958	11,000,000	11,000,000	11,000,000	XXX
Standard chartered bk ny	New York, New York		0.930		38,078	11,000,200	11,000,131	11,000,077	XXX
State street bank & tr	New York, New York		0.950		34,543	11,000,000	11,000,000	11,000,000	XXX
Swedbank (New York)	New York, New York		0.880		55,122	11,000,000	11,000,000	11,000,000	XXX
ALASKA FIRST BANK AND TRUST	ANCHORAGE, ALASKA					47,902	19,645	29,457	XXX
BANK OF AMERICA	SEATTLE, WASHINGTON					5,505,178	277,045	3,564,948	XXX
COMMUNITY BANK OF THE BAY	OAKLAND, CALIFORNIA					100,000	100,000	100,000	XXX
US BANK	MADISON, WISCONSIN					3,433,985	(308,892)	(25,016)	XXX
MISSION COMMUNITY BANK	SAN LUIS OBISPO, CALIFORNIA					125,508	125,554	125,800	XXX
NEIGHBORHOOD NATIONAL BANK	NATIONAL CITY, CALIFORNIA					125,595	125,672	125,755	XXX
0199999. Total Open Depositories	XXX	XXX		0	202,072	75,743,078	55,928,516	77,068,274	XXX
0399999. Total Cash on Deposit	XXX	XXX		0	202,072	75,743,078	55,928,516	77,068,274	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX		3,810	3,810	3,810	XXX
0599999. Total Cash	XXX	XXX		0	202,072	75,746,888	55,927,426	77,064,084	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Government Issuer Obligations							
Treasury bill TB 10/11/2010		09/29/2010		10/7/2010	14,997,332		54
Treasury bill TB 21/10/2010		09/30/2010		10/21/2010	9,999,278		
0109999. U.S. Government Issuer Obligations					29,996,610	0	54
0309999. Total - U.S. Government Bonds					29,996,610	0	54
Total							
7109999. Subtotals - Issuer Obligations					29,996,610	0	54
8309999. Subtotals - Bonds					29,996,610	0	54
8609999. Total - Cash Equivalents					29,996,610	0	54

ANNUAL STATEMENT

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

Unigard Indemnity Company

NAIC Group Code.....796, 796 (Current Period) (Prior Period) NAIC Company Code..... 25798 Employer's ID Number..... 91-0895822

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

Incorporated/Organized..... November 8, 1972 Commenced Business..... November 22, 1972

Statutory Home Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 *(Street and Number) (City or Town, State and Zip Code)*	425-644-5236 *(Area Code) (Telephone Number)*
Mail Address	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	One General Drive..... Sun Prairie ..... WI ..... 53596 *(Street and Number) (City or Town, State and Zip Code)*	425-644-5236 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.unigard.com	
Statutory Statement Contact	Darnyl Byron Klatt *(Name)*	608-825-5160 *(Area Code) (Telephone Number) (Extension)*
	darnyl.klatt@us.qbe.com *(E-Mail Address)*	608-825-5053 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Peter Kurt Christen	President & CEO	2. John Roger Schanen	Treasurer
3. Jennifer Jean Vernon	Secretary	4.	

OTHER

Lindsay Arnold Chatterton, Jr. #	Senior Vice President	Thomas Mark Greenfield	Senior Vice President
Peter George Logothetis	Senior Vice President	John Michael Bondura	Regional Insurance Claims Officer
Charles Robert Valinotti	Senior Vice President	Jerry Brett Mackey	Senior Vice President
James Justin Fiore #	Chief Underwriting Officer	Nrom Emil Donelson #	Chief Actuary
Kevin Donald Root #	Controller	Jennifer Jean Vernon #	General Counsel
Andrew Joseph Doll #	Senior Vice President		

DIRECTORS OR TRUSTEES

Peter Kurt Christen John Rumpler # John Roger Schanen

State of..... Wisconsin
County of..... Dane

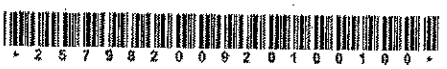
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Peter Kurt Christen	John Roger Schanen	Jennifer Jean Vernon
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & CEO	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2010

a. Is this an original filing? Yes [X] No [ ]
b. If no 1. State the amendment number
2. Date filed
3. Number of pages attached

PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION



ANNUAL STATEMENT

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Internet Web Site Address	www.unigard.com	
Statutory Statement Contact	Darnyl Byron Klatt (Name)	608-825-5160 (Area Code) (Telephone Number) (Extension)
	darnyl.klatt@us.qbe.com (E-Mail Address)	608-825-5053 (Fax Number)

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Peter Kurt Christen
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State of..... Wisconsin
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(Signature)	(Signature)	(Signature)
Peter Kurt Christen	John Roger Schanen	Jennifer Jean Vernon
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & CEO	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2010

a. Is this an original filing? Yes [X] No [ ]
b. If no 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	11,902,864		11,902,864	16,128,811
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	7,028,425		7,028,425	5,523,730
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 $.....0 encumbrances)			0	
5. Cash ($.....15,570,888, Sch. E-Part 1), cash equivalents ($.....(0), Sch. E-Part 2) and short-term investments ($.....22,715,228, Sch. DA)	38,743,220	457,105	38,286,115	39,316,905
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	57,674,509	457,105	57,217,404	62,969,446
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	274,493		274,493	560,783
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	2,215,381	272,669	1,942,712	1,989,557
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)	8,380,663	4,720	8,375,942	8,190,216
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	1,539,188		1,539,188	1,223,885
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon	115,495		115,495	
16.2 Net deferred tax asset	3,614,123	1,049,698	2,564,425	1,615,137
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	1,483,366		1,483,366	
22. Health care ($.....0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	397,866	397,866	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	75,895,083	2,182,058	73,513,025	76,550,024
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	75,895,083	2,182,058	73,513,025	76,550,024

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid pension asset	397,866	397,866	0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	397,866	397,866	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	26,501,453	25,311,429
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	191,881	
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	5,741,928	6,183,322
4.	Commissions payable, contingent commissions and other similar charges	1,111,264	1,039,432
5.	Other expenses (excluding taxes, licenses and fees)	1,093,421	1,169,435
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	89,309	118,471
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))		500,076
7.2	Net deferred tax liability		
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (Part 1A, Line 3B, Column 5) (after deducting unearned premiums for ceded reinsurance of $....14,794,139 and including warranty reserves of $.....0)	13,924,516	13,153,641
10.	Advance premium	124,980	100,111
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	1,917,833	573,595
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	337	337
15.	Remittances and items not allocated	678	3,125
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	3,624	34,505
19.	Payable to parent, subsidiaries and affiliates		3,918,308
20.	Payable for securities		
21.	Liability for amounts held under uninsured plans		
22.	Capital notes $.....0 and interest thereon $.....0		
23.	Aggregate write-ins for liabilities	1,362,695	1,161,002
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	51,163,821	53,266,781
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	51,163,821	53,266,781
27.	Aggregate write-ins for special surplus funds	574,533	0
28.	Common capital stock	3,000,000	3,000,000
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds	0	0
31.	Surplus notes		
32.	Gross paid in and contributed surplus	5,300,000	5,300,000
33.	Unassigned funds (surplus)	12,474,671	13,983,243
34.	Less treasury stock, at cost:		
	34.1 .....0.000 shares common (value included in Line 28 $.....0)		
	34.2 .....0.000 shares preferred (value included in Line 29 $.....0)		
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	22,349,204	23,283,243
36.	TOTALS (Page 2, Line 26, Col. 3)	73,513,025	76,550,024

DETAILS OF WRITE-INS

2301.	Minimum pension liability	1,147,242	1,046,955
2302.	Retrospective Premium accrued	168,374	114,047
2303.	2009 Private Passenger Escrow	47,079	
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	1,362,695	1,161,002
2701.	Additional admitted deferred tax assets	574,533	
2702.			
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page	0	0
2799.	Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	574,533	0
3001.			
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	30,645,167	31,505,343
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 35, Column 7)	16,967,488	12,925,633
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	2,971,495	3,561,801
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	10,736,079	9,285,348
5.	Aggregate write-ins for underwriting deductions	47,079	0
6.	Total underwriting deductions (Lines 2 through 5)	30,722,139	25,772,982
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(76,972)	5,732,361
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,108,702	2,484,798
10.	Net realized capital gains (losses) less capital gains tax of $ 0 (Exhibit of Capital Gains (Losses))	(1,623,743)	(1,249,685)
11.	Net investment gain (loss) (Lines 9 + 10)	(515,040)	1,235,113
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $ 0 amount charged off $ 43,183)	(43,183)	(52,261)
13.	Finance and service charges not included in premiums	181,593	160,230
14.	Aggregate write-ins for miscellaneous income	(2,369)	(711)
15.	Total other income (Lines 12 through 14)	136,042	107,258
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(455,970)	7,074,732
17.	Dividends to policyholders	527,524	521,273
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)	(983,493)	6,553,459
19.	Federal and foreign income taxes incurred	333,142	1,944,315
20.	Net income (Line 18 minus Line 19) (to Line 22)	(1,316,635)	4,609,144
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	23,283,243	31,141,355
22.	Net income (from Line 20)	(1,316,635)	4,609,144
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 780,786	1,450,031	(666,786)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	784,365	(485,981)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3)	715,887	(458,061)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(2,500,000)	(10,000,000)
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	(57,689)	(656,419)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(934,040)	(7,858,112)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	22,349,204	23,283,243
	DETAILS OF WRITE-INS		
0501.	2009 Private Passenger Escrow	47,079	
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)	47,079	0
1401.	Miscellaneous income (expenses)	(2,369)	(711)
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)	(2,369)	(711)
3701.	Additional minimum pension liability	(57,689)	(656,419)
3702.	Additional admitted deferred tax assets	574,533	
3703.	Reclassification of additional admitted deferred tax assets to special surplus funds	(574,533)	
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	(57,689)	(656,419)

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	31,731,918	28,877,304
2.	Net investment income	1,419,560	2,889,786
3.	Miscellaneous income	136,042	107,258
4.	Total (Lines 1 through 3)	33,287,520	31,874,348
5.	Benefit and loss related payments	15,900,885	23,999,079
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	14,229,388	15,509,657
8.	Dividends paid to policyholders	527,524	521,273
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	948,713	1,565,913
10.	Total (Lines 5 through 9)	31,606,510	41,595,922
11.	Net cash from operations (Line 4 minus Line 10)	1,681,010	(9,721,574)
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	15,711,445	22,882,526
	12.2 Stocks	2,600,843	4,029,036
	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	13,893	42,431
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	18,326,181	26,953,993
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	10,026,685	19,483,297
	13.2 Stocks	2,995,735	12,178,291
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	13,022,420	31,661,588
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)	5,303,761	(4,707,595)
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	2,600,000	10,000,000
	16.6 Other cash provided (applied)	(5,515,561)	4,124,876
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(8,015,561)	(5,875,124)
	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)	(1,030,790)	(20,304,293)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	39,316,905	59,621,198
	19.2 End of year (Line 18 plus Line 19.1)	38,286,115	39,316,905

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

20.0001			

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	534,738	187,071	245,376	476,434
2.	Allied lines	504,473	151,510	222,091	433,892
3.	Farmowners multiple peril	1,146,802	107,095	422,498	831,399
4.	Homeowners multiple peril	3,744,674	2,071,984	2,078,383	3,738,275
5.	Commercial multiple peril	5,104,219	2,521,694	2,497,893	5,128,020
6.	Mortgage guaranty				0
8.	Ocean marine				0
9.	Inland marine	709,821	311,883	322,211	699,493
10.	Financial guaranty				0
11.1	Medical professional liability - occurrence				0
11.2	Medical professional liability - claims-made				0
12.	Earthquake	17,403	12,207	9,644	19,966
13.	Group accident and health				0
14.	Credit accident and health (group and individual)				0
15.	Other accident and health				0
16.	Workers' compensation	4,106,730	1,956,720	1,916,907	4,146,543
17.1	Other liability - occurrence	1,943,797	803,664	912,394	1,835,067
17.2	Other liability - claims-made	45,271		10,093	35,178
17.3	Excess workers' compensation				0
18.1	Products liability - occurrence	52,928	21,479	23,029	51,378
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability	4,842,843	1,578,139	1,698,388	4,722,594
19.3, 19.4	Commercial auto liability	3,702,256	1,648,040	1,662,087	3,688,209
21.	Auto physical damage	4,904,648	1,766,514	1,882,659	4,788,503
22.	Aircraft (all perils)				0
23.	Fidelity	29,498	11,760	12,597	28,661
24.	Surety	5,160		1,355	3,805
26.	Burglary and theft	20,781	3,881	6,912	17,750
27.	Boiler and machinery				0
28.	Credit				0
29.	International				0
30.	Warranty				0
31.	Reinsurance - nonproportional assumed property				0
32.	Reinsurance - nonproportional assumed liability				0
33.	Reinsurance - nonproportional assumed financial lines				0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	31,416,042	13,153,641	13,924,516	30,645,167

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	245,348	27			245,375
2.	Allied lines	222,063	28			222,091
3.	Farmowners multiple peril	422,498				422,498
4.	Homeowners multiple peril	2,078,383				2,078,383
5.	Commercial multiple peril	2,432,745	65,148			2,497,893
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	321,317	894			322,211
10.	Financial guaranty					0
11.1	Medical professional liability - occurrence					0
11.2	Medical professional liability - claims-made					0
12.	Earthquake	9,644				9,644
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation	1,916,588	319			1,916,907
17.1	Other liability - occurrence	910,985	1,409			912,394
17.2	Other liability - claims-made	10,093				10,093
17.3	Excess workers' compensation					0
18.1	Products liability - occurrence	23,025	4			23,029
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability	1,696,360	28			1,696,388
19.3, 19.4	Commercial auto liability	1,660,286	1,801			1,662,087
21.	Auto physical damage	1,881,681	978			1,882,659
22.	Aircraft (all perils)					0
23.	Fidelity	12,597				12,597
24.	Surety	1,355				1,355
26.	Burglary and theft	6,910	2			6,912
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance - nonproportional assumed property					0
32.	Reinsurance - nonproportional assumed liability					0
33.	Reinsurance - nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	13,853,878	70,638	0	0	13,924,516
36.	Accrued retrospective premiums based on experience					0
37.	Earned but unbilled premiums					0
38.	Balance (sum of Lines 35 through 37)					13,924,516

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1. Fire	130,292	534,738		130,292		534,738
2. Allied lines	85,939	504,473		85,939		504,473
3. Farmowners multiple peril		1,146,802				1,146,802
4. Homeowners multiple peril	24,475,284	3,744,674		24,475,284		3,744,674
5. Commercial multiple peril	2,034,461	5,104,219		2,034,461		5,104,219
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	642,957	709,821		642,957		709,821
10. Financial guaranty						0
11.1 Medical professional liability - occurrence						0
11.2 Medical professional liability - claims-made						0
12. Earthquake	74	17,403		74		17,403
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		4,106,730				4,106,730
17.1 Other liability - occurrence	267,618	1,943,797		267,618		1,943,797
17.2 Other liability - claims-made		45,271				45,271
17.3 Excess workers' compensation						0
18.1 Products liability - occurrence	21,463	52,928		21,463		52,928
18.2 Products liability - claims-made						0
19.1, 19.2 Private passenger auto liability	(37)	4,842,843		(37)		4,842,843
19.3, 19.4 Commercial auto liability	927,104	3,702,256		927,104		3,702,256
21. Auto physical damage	290,639	4,904,648		290,639		4,904,648
22. Aircraft (all perils)						0
23. Fidelity	325	29,498		325		29,498
24. Surety		5,160				5,160
26. Burglary and theft	150	20,781		150		20,781
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Warranty						0
31. Reinsurance - nonproportional assumed property	XXX					0
32. Reinsurance - nonproportional assumed liability	XXX					0
33. Reinsurance - nonproportional assumed financial lines	XXX					0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	28,876,289	31,416,042	0	28,876,289	0	31,416,042

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire	51,000	168,109	51,000	168,109	60,321	60,234	168,196	35.3
2.	Allied lines	(46,625)	273,890	(46,625)	273,890	80,003	24,206	329,687	76.0
3.	Farmowners multiple peril		374,393		374,393	336,902	124,449	586,846	70.6
4.	Homeowners multiple peril	14,174,022	2,462,526	14,174,022	2,462,526	1,039,015	1,114,510	2,387,031	63.9
5.	Commercial multiple peril	1,382,169	3,154,867	1,382,169	3,154,867	5,109,093	5,543,819	2,720,146	53.0
6.	Mortgage guaranty				0			0	
8.	Ocean marine				0			0	
9.	Inland marine	102,671	232,085	102,671	232,085	2		2	
10.	Financial guaranty				0	49,129	60,880	220,334	31.5
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	804	806	(2)	(0.0)
14.	Credit accident and health (group and individual)				0			0	
15.	Other accident and health				0			0	
16.	Workers' compensation				0			0	
17.1	Other liability - occurrence	277,210	1,611,691	277,210	1,611,691	8,143,815	6,670,443	3,085,063	74.4
17.2	Other liability - claims-made	(1,429)	431,818	(1,429)	431,818	3,111,506	2,962,934	880,390	37.1
17.3	Excess workers' compensation		(15,783)		(15,783)	28,490		12,707	36.1
18.1	Products liability - occurrence				0			0	
18.2	Products liability - claims-made		34,851		34,851				
19.1, 19.2	Private passenger auto liability				0	106,058	119,942	20,965	40.8
19.3, 19.4	Commercial auto liability	79,796	2,578,409	79,796	2,578,409	3,828,367	3,948,828	2,457,948	52.0
21.	Auto physical damage	147,570	1,816,130	147,570	1,816,130	4,495,980	4,640,764	1,671,346	45.3
22.	Aircraft (all perils)	142,363	2,637,304	142,363	2,637,304	97,701	127,245	2,607,760	54.5
23.	Fidelity				0			0	
24.	Surety		13,217		13,217	10,616	9,701	14,132	49.3
26.	Burglary and theft		(712)		(712)	744	32	0	
27.	Boiler and machinery		4,669		4,669	2,904	2,636	4,937	27.8
28.	Credit				0			0	
29.	International				0			0	
30.	Warranty				0			0	
31.	Reinsurance - nonproportional assumed property	XXX			0			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	
35.	TOTALS	16,308,747	15,777,464	16,308,747	15,777,464	26,501,453	25,311,429	16,967,488	55.4
	DETAILS OF WRITE-INS								
3401.					0			0	
3402.					0			0	
3403.					0			0	
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Line of Business	Reported Losses				Incurred But Not Reported			8	9
		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	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire		14,561		14,561	12,907	45,760	12,907	60,321	13,519
2.	Allied lines		46,585		46,585	11,030	33,438	11,030	80,003	16,052
3.	Farmowners multiple peril		260,941		260,941		75,961		336,902	57,755
4.	Homeowners multiple peril	5,566,909	949,970	5,566,909	949,970	3,737,511	89,045	3,737,511	1,039,015	255,766
5.	Commercial multiple peril	1,658,005	4,100,369	1,658,005	4,100,369	1,006,660	1,008,729	1,006,660	5,109,098	2,008,368
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0		2		2	1
9.	Inland marine		42,858		42,858	80,285	6,271	80,285	49,129	21,930
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	6	804	6	804	98
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	1,642,302	7,646,166	1,642,302	7,646,166	80	497,649	80	8,143,815	982,447
17.1	Other liability - occurrence	16,019	1,269,169	16,019	1,269,169	1,283,118	1,842,337	1,283,118	3,111,506	513,935
17.2	Other liability - claims-made		15,559		15,559		12,931		28,490	10,005
17.3	Excess workers' compensation				0				0	
18.1	Products liability - occurrence	2,007	58,887	2,007	58,887	75,368	47,169	75,368	108,056	24,563
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability	96,221	3,726,848	96,221	3,726,848	66,912	101,519	66,912	3,828,367	653,254
19.3, 19.4	Commercial auto liability	242,685	3,675,000	242,685	3,675,000	335,565	820,960	335,565	4,495,960	931,605
21.	Auto physical damage		138,508		138,508	11,894	(40,807)	11,894	97,701	241,334
22.	Aircraft (all perils)				0				0	
23.	Fidelity		9,293		9,293	1,699	1,323	1,699	10,616	652
24.	Surety				0		744		744	127
26.	Burglary and theft		596		596	2,529	2,308	2,529	2,904	317
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability	XXX			0	XXX			0	
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35.	TOTALS	9,224,348	21,955,290	9,224,348	21,955,290	6,805,764	4,546,163	6,805,764	26,501,453	5,741,928
	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	1,221,787			1,221,787
1.2 Reinsurance assumed	230,339			230,339
1.3 Reinsurance ceded	1,221,834			1,221,834
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	230,292	0	0	230,292
2. Commission and brokerage:				
2.1 Direct, excluding contingent		3,303,348		3,303,348
2.2 Reinsurance assumed, excluding contingent		3,082,285		3,082,285
2.3 Reinsurance ceded, excluding contingent		3,303,348		3,303,348
2.4 Contingent - direct		827,614		827,614
2.5 Contingent - reinsurance assumed		766,056		766,056
2.6 Contingent - reinsurance ceded		827,614		827,614
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	3,848,341	0	3,848,341
3. Allowances to manager and agents	1,179	26,906	21	28,106
4. Advertising	1,254	53,665	2	54,921
5. Boards, bureaus and associations	17,167	135,083	19	152,269
6. Surveys and underwriting reports	2	253,676		253,678
7. Audit of assureds' records	135	10,828		10,963
8. Salary and related items:				
8.1 Salaries	1,550,413	2,842,728	7,373	4,400,514
8.2 Payroll taxes	87,910	232,695		320,605
9. Employee relations and welfare	342,353	910,335	2,772	1,255,460
10. Insurance	16,993	43,363		60,356
11. Directors' fees				0
12. Travel and travel items	79,607	171,192	400	251,199
13. Rent and rent items	215,572	307,286	224	523,082
14. Equipment	28,152	64,937	32	93,121
15. Cost or depreciation of EDP equipment and software	223,199	541,160	47	764,406
16. Printing and stationery	23,033	50,636	154	73,823
17. Postage, telephone and telegraph, exchange and express	84,980	194,314	2,125	281,419
18. Legal and auditing	9,195	29,667	439	39,301
19. Totals (Lines 3 to 18)	2,681,146	5,868,473	13,606	8,563,224
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ (9,746)		597,301		597,301
20.2 Insurance department licenses and fees	795	57,706		58,501
20.3 Gross guaranty association assessments		26,472		26,472
20.4 All other (excluding federal and foreign income and real estate)	57	11,955		12,012
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	852	693,434	0	694,286
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	59,206	325,831	111,060	496,097
25. Total expenses incurred	2,971,496	10,736,079	124,666	(a) 13,832,240
26. Less unpaid expenses - current year	5,741,928	2,197,582		7,939,510
27. Add unpaid expenses - prior year	6,183,323	2,327,338		8,510,661
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)	3,412,891	10,865,835	124,666	14,403,391

DETAILS OF WRITE-INS

2401. Outside Services	51,384	124,374	111,054	286,812
2402. Contributions	2,127	5,616	(4)	7,739
2403. Miscellaneous (Income)/ Expense	5,695	195,841	10	201,546
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	59,206	325,831	111,060	496,097

(a) Includes management fees of $ 82,772 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) 386,392	388,322
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 84,811	33,812
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	116,994	115,203
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 931,462	696,032
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	1,519,658	1,233,368
11.	Investment expenses		(g) 124,666
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
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)		124,666
17.	Net investment income (Line 10 minus Line 16)		1,108,702

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
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 $....26,250 accrual of discount less $....50,827 amortization of premium and less $....6,242 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 $....40,510 accrual of discount less $....3,566 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 $....124,666 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	29,116		29,116		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	(545,737)		(545,737)		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	(607,348)	(513,669)	(1,121,017)	2,230,817	
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	13,893		13,893		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	(1,110,076)	(513,669)	(1,623,745)	2,230,817	0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	457,105		(457,105)
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	457,105	0	(457,105)
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	272,669	255,744	(16,925)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	4,720	7,295	2,575
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset	1,049,698	1,957,958	908,260
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets			0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	397,866	676,950	279,084
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	2,182,058	2,897,947	715,889
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	2,182,058	2,897,947	715,889

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301. Prepaid pension asset	397,866	673,102	275,236
2302. Intangible pension asset		3,848	3,848
2303.			0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	397,866	676,950	279,084

Note #	Description
1	Summary of Significant Accounting Policies
2	Accounting Changes and Corrections of Errors
3	Business Combinations and Goodwill
4	Discontinued Operations
5	Investments
6	Joint Ventures, Partnerships and Limited Liability Companies
7	Investment Income
8	Derivative Instruments
9	Income Taxes
10	Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties
11	Debt
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
14	Contingencies
15	Leases
16	Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
17	Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities
18	Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
20	Other Items
21	Events Subsequent
22	Reinsurance
23	Retrospectively Rated Contracts & Contracts Subject to Redetermination
24	Change in Incurred Losses and Loss Adjustment Expenses
25	Intercompany Pooling Arrangements
26	Structured Settlements
27	Health Care Receivables
28	Participating Policies
29	Premium Deficiency Reserves
30	High Deductibles
31	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
32	Asbestos/Environmental Reserves
33	Subscriber Savings Accounts
34	Multiple Peril Crop Insurance
35	Financial Guaranty Insurance

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Unigard Indemnity Company (Company) are presented on the basis of accounting practices prescribed or permitted by the State of Washington Office of the Insurance Commissioner.

The state of Washington requires insurance companies domiciled therein to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the state of Washington.

At this time there is no differences between Washington prescribed practices and NAIC statutory accounting practice that cause differences for the Company.

B. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums written are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of in-force premiums written. Such reserves are computed by a pro rata method for direct and ceded business.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

(1) Short-term investments are reported at amortized cost and include investments with maturities over 90 days and less than one year at the date of acquisition.

(2) Bonds are stated at values prescribed by the NAIC and are generally reported at amortized cost. Discount or premium on bonds is amortized using the effective interest method.

(3) Unaffiliated common stocks are reported at market values as determined by the Securities Valuation Office (SVO) of the NAIC or Interactive Data Corporation (IDC) and the related net unrealized gains and losses are reported in unassigned surplus without any adjustment for federal income taxes.

(4) The Company has no preferred stock investments.

(5) The Company does not have any mortgage loans.

(6) The Company does not have any loan-backed securities.

(7) The Company does not have any investments in subsidiaries, controlled or affiliated companies.

(8) The Company does not have any investments in joint ventures, partnerships or limited liability companies.

(9) The Company has no investment in derivatives.

(10) The Company anticipates investment income as a factor in the premium deficiency calculation.

(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.

The Company has exposure to environmental and asbestos claims and tries to estimate the full impact of these exposures by establishing full case basis (loss and LAE) on all known losses. IBNR reserves are established by booking estimates derived from an independent actuarial review of the Company's asbestos/environmental experience and exposure.

(12) The Company has not modified its capitalization policy from the prior period.

(13) The Company does not have estimates associated with pharmaceutical rebates in its financial statements.

2. **Accounting Changes and Corrections of Errors**

   A. Accounting Changes and Correction of Errors

   Not applicable

3. **Business Combinations and Goodwill**

   A. Statutory Purchase Method

   Not applicable.

   B. Statutory Merger

   Not applicable.

   C. Impairment Loss

   Not applicable.

4. **Discontinued Operations**

   Not applicable.

5. **Investments**

   A. Mortgage Loans, including Mezzanine Real Estate Loans

   Not applicable.

   B. Debt Restructuring

   Not applicable.

   C. Reverse Mortgages

   Not applicable.

   D. Loan-Backed Securities

   Not applicable.

   E. Repurchase Agreements

   Not applicable.

   F. Real Estate

   Not applicable.

   G. Low Income Housing Tax Credits

   Not applicable.

6. **Joint Ventures, Partnerships and Limited Liability Companies**

   Not applicable.

7. **Investment Income**

   A. Accrued Investment Income

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

B. Amounts Nonadmitted

Not applicable.

8. Derivative Instruments

Not applicable.

9. Income Taxes

A. The components of the net deferred tax asset recognized are as follows:

	December 31, 2009			December 31, 2008
	Ordinary	Capital	Total	Total
(1) Total of gross deferred tax assets	$ 2,956,673	$ 790,129	$ 3,746,802	$ 3,594,094
(2) Total of gross deferred tax liabilities	15,220	117,459	132,679	20,000
(3) Net deferred tax asset	$ 2,941,453	$ 672,670	$ 3,614,123	$ 3,574,094
(4) Deferred tax asset nonadmitted			1,049,698	1,957,957
(5) Net admitted deferred tax asset			$ 2,564,425	$ 1,616,137
(6) Increase (decrease) in nonadmitted asset			(908,259)	732,386

(7). The Company has elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e). The current period election was not available at December 31, 2008.

(8). The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10 (e):

Ordinary	574,533
Capital	-
Total increase in admitted adjusted gross DTA	574,533

(9). The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii, 10c.:

	December 31, 2009		
	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	-
Lesser of:			
Expected to be recognized within one year (10bi.)	$ 2,099,637	-	2,099,637
10% of adjusted capital and surplus (10bii.)			1,989,891
Adjusted gross DTAs offset against existing DTLs (10c)	$ 15,221	117,459	132,680
Risk based capital level used in paragraph 10.d:			
Total adjusted capital			22,349,204
Authorized control level			2,827,725

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii(a)., 10eii(b)., 10eiii.:

	December 31, 2009		
	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$0	-	-
Lesser of:			
Expected to be recognized within three years (10.e.i.)	$2,564,425	-	2,564,425
15% of adjusted capital and surplus (10.e.ii.)			2,984,837
Adjusted gross DTAs offset against existing DTLs (10.eiii)	$15,221	117,459	132,680
Risk based capital level used in paragraph 10.d:			
Total adjusted capital			21,774,671
Authorized control level			2,827,725

(10). The following amounts resulting from the calculation in paragraphs 10a., 10b., 10c.:

	December 31, 2009
Admitted DTAs	1,989,891
Admitted assets	72,770,114
Statutory surplus	21,774,671
Total adjusted capital	22,349,204

Admitted DTAs, admitted assets and statutory surplus increased by $574,533 resulting from the use of paragraph 10e.

B. The Company recognizes all of its deferred tax liabilities.

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

	2009	2008
Federal	$ 333,142	$ 1,944,315
Foreign	-	-
	333,142	1,944,315
Federal income tax on net capital gains	-	(29,199)
Utilization of capital loss carryforwards	-	-
Utilization of operating loss carryforwards	-	-
Federal and foreign income taxes incurred	$ 333,142	$ 1,915,116

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

	12/31/2009	12/31/2008	Change
Deferred tax assets			
Loss reserves	$ 1,144,448	$ 1,199,148	$ (54,700)
Unearned premium reserve	983,482	927,769	55,713
Employee benefit plans	537,154	473,778	63,376
Other assets nonadmitted	-	-	-
Stocks, bonds & other investments	159,987	613,234	(453,247)
Premiums receivable	97,086	88,072	9,014
Net capital loss carryover	790,129	271,912	518,217
Other	34,516	20,181	14,335
Total deferred tax assets	$ 3,746,802	$ 3,594,094	$ 152,708
Nonadmitted deferred tax assets	1,049,698	1,957,957	(908,259)
Admitted deferred tax assets	$ 2,697,104	$ 1,636,137	$ 1,060,967
Deferred tax liabilities			
Stocks, bonds & other investments	129,525	16,218	113,307
Stocks, bonds & other investments	3,154	3,782	(628)
Total deferred tax liabilities	$ 132,679	$ 20,000	$ 112,679
Net admitted deferred tax asset	$ 2,564,425	$ 1,616,137	$ 948,288

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	12/31/2009	12/31/2008	Change
Total deferred tax assets	$ 3,746,802	$ 3,594,094	$ 152,708
Total deferred tax liabilities	132,679	20,000	112,679
Net deferred tax asset (liability)	$ 3,614,123	$ 3,574,094	$ 40,029
Tax effect of unrealized gains (losses)			744,338
Change in net deferred income tax			$ 784,367

Gross deferred tax assets in the admissibility test were adjusted by $438,200 because other-than-temporary impairments totaling $1,252,000 are not expected to be realized in future tax returns

(3) The Company did not utilize any investment tax credits in the current or proceeding year.

(4) The Company did not utilize any operating loss carryforwards in the current year or proceeding year

(5) There were no adjustments to deferred tax assets or liabilities from enacted changes in tax status, rates or laws in the current or proceeding year.

(6) There were no adjustment to deferred tax assets due to change in circumstances about the realize ability of these assets.

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing differences are as follows:

	Amount	Tax Effect	Rate
Pre tax income	$ (983,497)	$ (344,224)	35%
Dividends received deduction(net of Proration)	(69,611)	(24,364)	2%
Other permanent differences	46,017	16,106	-2%
Non-admitted premiums receivable	(25,755)	(9,014)	1%
Other assets nonadmitted	(178,021)	(62,307)	6%
Correction of 2008 deferred tax	(76,426)	(26,749)	3%
2008 provision to return deferred tax change	361,067	126,373	-13%
2008 current tax settlement	(362,986)	(127,045)	13%
Other	-	-	0%
Total	$ (1,289,212)	$ (451,224)	46%
Federal and foreign income taxes incurred	951,834	333,142	-34%
Change in net deferred income taxes	(2,241,046)	(784,366)	80%
Total statutory income taxes	$ (1,289,212)	$ (451,224)	46%

E. (1) At December 31, 2009, the Company had $2,257,511 of net operating or capital loss carryforwards, which would expire in 2013 and 2014, available to offset future net capital gains.

(2) The Company did not incur federal income taxes in the current year or any preceding year that would be available for recoupment in the event of future net losses.

(3) The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code was $0 as of December 31, 2009

F. (1) The Company's federal income tax information is included in the consolidated federal income tax return of QBE Investments, N.A. The companies included in the filing of the consolidated federal income tax return are as follows:

QBE Investments (North America), Inc.
QBE Holdings, Inc.
QBE Management, Inc.
QBE Reinsurance Corporation
QBE Insurance Corporation
QBE Specialty Insurance Company
National Farmers Union Property and Casualty Company
United Security Insurance Company
QBE Regional Companies (N.A.), Inc.
General Casualty Company of Wisconsin
General Casualty Insurance Company
Regent Insurance Company
Hoosier Insurance Company
Blue Ridge Insurance Company
Blue Ridge Indemnity Company
Southern Guaranty Insurance Company
Southern Pilot Insurance Company
Southern Fire & Casualty Company
Unigard Insurance Company
Unigard Indemnity Company
Praetorian Financial Group, Inc.
Praetorian Insurance Company
Burnett Holdings, Inc.
Burnett & Company, Inc.
Burnett Insurance Management Services, Inc.
BCO Insurance Agency of Texas, Inc.
BCO Surplus Lines, Inc.-Texas
Stahl Intermediaries, Inc.
Redland Insurance Company
North Pointe Financial Services, Inc
North Pointe Casualty Insurance Company
North Pointe Insurance Company
Capital City Holding Company
Davis Garvin Agency, Inc.
Capital City Insurance Company, Inc.
QBE U.S. Agencies, Inc.
Deep South Surplus, Inc.
Deep South of California, Inc.
Southern National Risk Management, Inc.
S.I.U., LLC
Community Association Underwriters of America Inc.
ZC Sterling Corporation, Inc.
ZC Sterling Insurance Agency, Inc.
ZC Real Estate Tax Solutions Limited
Affinity Insurance Services, Inc.
SLG Benefits and Insurance, LLC
Westwood Insurance Agency
QBE Americas, Inc.

(2) Effective January 1, 2008, QBE Regional and Subsidiaries entered into a tax sharing agreement with QBE Investments N.A. Inc. which replaced and made null all previous tax sharing agreements. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties

A, B & C.

The Company is a wholly owned subsidiary of Unigard Insurance Company, an insurance company domiciled in Washington, which is ultimately a wholly owned subsidiary of the QBE Insurance Group Limited, a publicly traded company incorporated under the laws of Australia.

On May 26, 2009 and September 30, 2009, the Company paid dividends of $1,000,000 and $1,500,000 for a total of $2,500,000 to Unigard Insurance Company.

D. At December 31, 2009, the Company reported the following receivables (payables) from subsidiaries and affiliates related to cost sharing agreements and intercompany pooling arrangements:

Company	Amount Due From/(To) 2009	2008
Unigard Insurance Company	$ 2,321,641	$ 1,137,381
General Casualty Company of Wisconsin	(838,275)	(5,055,682)

These arrangements require that intercompany balances be settled within 45 days of each quarter.

E. The Company has made no guarantees or undertakings for the benefit of an affiliate.

F. The Company has a servicing agreement with Minster Court Asset Management Pty Limited to manage its investment portfolio after the sale to QBE. The Company incurred fees of $83,000 and $93,000 in 2009 and 2008, respectively, for this service.

The Company requires certain management and administrative services to operate and manage its insurance operations and has entered into an inter-company management, facilities and services agreement with General Casualty Company of Wisconsin. Fees and expenses for such services are allocated based upon a reasonable and agreed upon methodology.

Additional significant inter-company agreements include inter-company pooling agreement and tax allocation agreement. Refer to Notes 25 and 9, respectively, for details surrounding these contracts.

G. All outstanding shares of the Company are owned by the Unigard Insurance Company, a property and casualty insurance company domiciled in the State of Washington. Unigard Insurance Company is wholly-owned by QBE Regional Insurance (N.A.), Inc., an insurance holding company domiciled in the State of Delaware.

H. The Company and its subsidiaries do not own shares of stock of their ultimate parent, QBE.

I. The Company does not own an interest in any affiliate.

J. The Company does not own an interest in any subsidiaries, controlled or affiliated company.

K. The Company does not have an investment in a foreign insurance subsidiary.

L. The Company does not have any downstream holding companies.

11. Debt

A. Debt

Not applicable.

B. Federal Home Loan Bank Agreements

Not applicable.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Unigard Insurance Company provides all operating services for the Company. The Company has no separate employees or employee benefit plans.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

(1) The Company has 30,000 shares of common stock authorized, issued and outstanding with a par value per share of $100.00.

(2) The Company has no preferred stock outstanding.

(3) The ability of the Company to declare dividends is governed by the laws of the state of Washington, the domiciliary state. The law provides that dividends in any twelve month period shall not exceed the greater of:

(a) 10% of the Company capital and surplus as of December 31st of the preceding year; or

(b) Net income from the previous year

The maximum dividend that could have been paid without prior approval in 2009 was $4,609,000. The Company declared and paid $2,500,000 in dividends during 2009 with approval from the state of Washington.

(4) On May 26, 2009 and September 30, 2009, the Company paid dividends of $1,000,000 and $1,500,000 for a total of $2,500,000 to Unigard Insurance Company.

(5) Within the limitations of (3) above, there are no restrictions placed on the Company profits that may be paid as ordinary dividends to stockholders.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is held.

(7) The Company is not a mutual.

(8) The Company holds no stock for special purposes.

(9) Changes in balances of special surplus funds from the prior year are due to the adoption of SSAP 10R.

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains or (losses) is $2,231,000.

(11) The Company has not issued any surplus notes.

(12) The Company has not reorganized.

(13) The Company has not reorganized.

14. Contingencies

A. Contingent Commitments

Not applicable.

B. Assessments

The Company has accrued and charged to operations in the current period, an amount for guaranty fund assessments based upon both notification of insolvency and reasonable estimate of liability prior to notification. The period over which the assessments are expected to be paid is greater than one year. The total accrued liability at December 31, 2009 is $72,000.

C. Gain Contingencies

Not applicable.

D. Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not applicable.

E. All Other Contingencies

The Company is party to a pooling agreement (see Note 25). Certain companies that participate in this agreement purchased annuities due from life insurance companies to fund future payments of structured settlements. The aggregate present value of structured settlements at December 31, 2009 was $26,015,000 and the Company's share due to its pooling percentage of 3% is $780,000. See Note 26 for details.

In the ordinary course of business the Company is involved in certain claim or non-claim related litigation, some of which involves substantial amounts. In the opinion of management, the ultimate liability, if any will not have a material effect on the financial condition of the Company.

15. Leases

A. Lessee Operating Leases

Not applicable.

B. Lessor Leases

Not applicable.

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

(1), (2), (3) and (4)

The Company does not have any off-balance sheet risks related to options, futures or swaps to report for the statement period 2009 and 2008.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfer of Receivables reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not applicable.

C. Wash Sales

Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not applicable.

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

Not applicable.

20. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring Debtors

Not applicable.

C. Other Disclosures

Assets in the amount of $5,427,000 and $6,019,000 (adjusted book value) at December 31, 2009 and 2008, respectively, were on deposit with government authorities or trustees as required by law.

On December 10, 1993, after receiving appropriate regulatory approvals, Seaton Insurance Company (Seaton) sold to Winterthur U.S. Holdings, Inc., 100% of the stock of its wholly-owned subsidiary, Unigard, Inc., and its wholly-owned subsidiaries: Unigard Insurance Company (UIC), Unigard Indemnity Company (UID), Wincorp, Inc. and Wincorp of California, and transferred to UIC, as part of the sale, assets and liabilities related to Seaton's continuing operations business. In connection with the sale, existing quota share reinsurance agreements between Seaton and UIC and between Seaton and UID were terminated effective as of July 1, 1993. As part of the sale, Seaton entered into a new quota share reinsurance agreement with UIC whereby, effective as of July 1, 1993, 100% of the reserves for losses, loss adjustment expenses, and unearned premiums relating to Seaton's continuing operations were ceded by Seaton to UIC. Additionally, 100% of all continuing operations business written subsequent to July 1, 1993, is ceded to UIC, net of collectible third party reinsurance.

D. Uncollectible Premiums Receivable

At December 31, 2009 and 2008 the Company had admitted assets of $10,319,000 and $10,180,000, respectively in accounts receivable from agents and insureds. The Company routinely assesses the collectability of these receivables, and based upon Company experience, the potential loss is not expected to exceed the non-admitted amounts totaling $277,000 and therefore, no additional provision for uncollectible amounts has been recorded.

E. Business Interruption Insurance Recoveries

Not applicable.

F. State Transfer Credits

Not applicable.

G. Sub prime Mortgage

The Company does not engage in sub prime residential mortgage lending. The Company does not have a direct exposure to sub prime mortgage loans or hold any structured products referencing sub prime loans. The Company may have an indirect exposure via its holdings of investment grade banks who may in turn have exposures to sub prime loans. The Company defines direct sub prime exposure to be either the loans themselves, or securities backed by pools of loans/assets that include sub prime mortgages, eg CDO's, ABS, ABCP, or MBS.

21. Events Subsequent

Effective January 1, 2010, a new affiliated company, QBE Americas, Inc. (QBEAI), began operations to provide a variety of administrative services for the Company and certain United States based affiliates. All employees of the Company and certain U.S affiliates, excluding employees based in the State of Washington and certain claim adjusters, became employees of QBEAI resulting in associated liabilities associated with employees benefit plans transferring at fair market values to QBEAI. In addition, associated electronic hardware, software, furniture and equipment used by these employees were sold to QBEAI at book value which approximated fair market value. The Company does not believe this event will have a material impact on its financial condition.

22. Reinsurance

Effective January 1, 2008, Company entered into an all lines quota share agreement to cede 25% of all new and renewal business to an affiliated company, Equator Reinsurances Limited.

A. Unsecured Reinsurance Recoverables

The Company's aggregate significant unsecured reinsurance balances due from individual authorized or unauthorized reinsurers, for paid losses and loss expense recoverable, unpaid losses, including IBNR, unpaid loss expenses and unearned premium reserves ceded were approximately:

Reinsurer	NAIC	FEIN #	Reinsurance Recoverable
General Casualty Co. of Wisconsin	24414	39-0301590	$36,251,000

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

(1)	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	$ 13,924,516	$ 1,705,698	$ 14,794,138	$ 2,116,410	$ (869,622)	$ (410,712)
All Other	-	-	-	-	-	-
Total	$ 13,924,516	$ 1,705,698	$ 14,794,138	$ 2,116,410	$ (869,622)	$ (410,712)

Direct unearned premium reserve was $14,794,138 as of December 31, 2009.

(2) The Company does not have any additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual reinsurance arrangements.

(3) The Company does not utilize protected cells.

D. Uncollectible Reinsurance

Not applicable.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

Not applicable.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Method Used to Estimate

The Company's affiliate sells workers compensation policies for which the premiums vary based upon loss experience of which the Company assumes a portion through the intercompany pooling arrangement (see Note 25). Future premium adjustments for these retrospective policies are estimated and accrued. The Company estimates these accrued retrospective premium adjustments through the use of premium development triangles. Past patterns of premium development on retrospectively rated policies are used to arrive at a best estimate of return or additional retrospective premium.

B. Method Used to Record

The Company records the retrospective premium accruals as earned by adjusting written premium.

C. Amount and Percent of Net Retrospective Premiums

Net premiums written for the current year on retrospective workers compensation policies are $173,798 or 3.3% of the total workers compensation net premium written.

D. Calculation of Nonadmitted Accrued Retrospective Premiums

The Company currently has accrued negative retrospective premiums which is disclosed as a write-in line to the liabilities.

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased by $1,000,000 from $33,000,000 in 2008 to $34,000,000 in 2009 as a result of changes in the ultimate incurred loss and loss adjustment expense Development on known Workers Compensation claims from 1999 & prior accident years was worse than expected in 2009. None of these reserve changes are derived from changes in estimates for prior year development on retrospectively rated policies.

25. Intercompany Pooling Arrangements

The Company is a participant in the Eighth Restatement Reinsurance Agreement, effective January 1, 2009 (Pooling Agreement). The Pooling Agreement includes the Company's parent, General Casualty of Wisconsin (GCW) and other affiliated companies.

GCW entered into a Stock Purchase Agreement effective October 1, 2008 to purchase NFU and USIC. Effective, January 1, 2009 these companies were added to the pooling agreement.

Participating Companies	NAIC Co Code	Pool %
a. General Casualty Company of Wisconsin (GCW)**	24414	35.0%
b. Regent Insurance Company (RGT)	24449	9.0%
c. General Casualty Insurance Company (GCI)	18821	6.0%
d. Hoosier Insurance Company (HIC)	27570	4.0%
e. Blue Ridge Insurance Company (BRIC)	24503	0.0%
f. Blue Ridge Indemnity Company (BRIN)	40754	0.0%
g. National Farmers Union Property and Casualty Company (NFU)	16217	12.0%
h. United Security Insurance Company (USIC)	21776	0.0%
i. Southern Guaranty Insurance Company (SGIC)	19178	7.0%
j. Southern Pilot Insurance Company (SPIC)	22861	0.0%
k. Southern Fire and Casualty Company (SFACC)	22888	0.0%
l. Unigard Insurance Company (UIC)	25747	24.0%
m. Unigard Indemnity Company (UID)	25798	3.0%

**Lead company

All lines and types of insurance business of the companies are subject to the pooling agreement.

GCW, UIC, NFU and USIC cede a portion of their business to various non-affiliated reinsurers on a facultative basis and a portion of their business to affiliated and non-affiliated reinsurers for excess of loss and catastrophe coverage. These placements made by GCW are subsequent to the assumption of pooled business from subsidiaries. These placements made by UIC, NFU and USIC are prior to the cession to GCW under the pooling agreement.

Amounts due from/(to) the lead entity and all affiliated entities participating in the intercompany pool

Name of Insurer	Amounts due from / (to)
Unigard Insurance Company	$2,321,641
General Casualty Co of Wisconsin	($838,275)

26. Structured Settlements

A. The Company's share of loss reserves eliminated by annuities was $780,000 as of December 31, 2009.

B. The Company's participation in the pooling arrangement discussed in Note 25 resulted in its sharing in annuities due from any one life insurer that exceeded 1% of the Company's year-end policyholders' surplus as follows.

Life Insurance Company and Location	Licensed in Washington	State Value of Annuities
Genworth Financial Genworth Life and Annuity Insurance Company 3100 Albert Lankford Drive Lynchburg, VA 24501-6158	Yes	$331,000
Others – No life insurer that exceeded 1% of policyholder surplus		$449,000

27. Health Care Receivables

Not applicable.

28. Participating Policies

Not applicable.

29. Premium Deficiency Reserves

The Company has not recorded a premium deficiency reserve and does consider investment income as a factor in the premium deficiency calculation.

30. High Deductibles

The Company writes no high deductible business.

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount the liabilities for unpaid losses or loss adjustment expenses.

32. Asbestos/Environmental Reserves

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (x) No ( )
The Company has exposure to environmental and asbestos claims. The Company's exposure arises from the sale of general liability and commercial multiple peril insurance.

The Company tries to estimate the full impact of the asbestos/environmental exposure by establishing full case basis (loss and LAE) on all known losses. IBNR reserves are established by booking estimates derived from an independent actuarial review of the Company's asbestos/environmental experience and exposure.

The Company's asbestos related losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

(1) Direct Basis

		2009	2008	2007	2006	2005
(a)	Beginning reserves	$ 1,223,541	$ 1,329,840	$ 785,942	$ 874,541	$ 1,078,507
(b)	Incurred losses & LAE	50,651	15,059	617,880	77,300	(134,517)
(c)	Calendar year payments for loss & LAE	81,137	121,359	73,983	165,899	69,449
(d)	Ending Reserves	$ 1,193,054	$ 1,223,541	$ 1,329,840	$ 785,942	$ 874,541

(2) Assumed Reinsurance Basis

		2009	2008	2007	2006	2005
(a)	Beginning reserves	$ 303,478	$ 343,374	$ 293,229	$ 319,795	$ 170,103
(b)	Incurred losses & LAE	(31,198)	(12,657)	79,821	7,436	186,191
(c)	Calendar year payments for loss & LAE	24,375	27,239	29,676	34,002	36,498
(d)	Ending Reserves	$ 247,906	$ 303,478	$ 343,374	$ 293,229	$ 319,795

(3) Net of Reinsurance Basis

		2009	2008	2007	2006	2005
(a)	Beginning reserves	$ 1,150,442	$ 1,227,882	$ 761,213	$ 880,064	$ 941,064
(b)	Incurred losses & LAE	5,185	10,248	547,192	(48,785)	(60,176)
(c)	Calendar year payments for loss & LAE	54,300	87,688	80,523	70,066	824
(d)	Ending Reserves	$ 1,101,328	$ 1,150,442	$ 1,227,882	$ 761,213	$ 880,064

B. The Company holds IBNR/ bulk reserves for unreported claims.

Direct Basis	$ 866,936
Assumed Reinsurance Basis	233,445
Net of Reinsurance Basis	1,039,329

C. The Company holds case reserves for future ALAE (including coverage dispute costs)

Direct Basis	$ 87,741
Assumed Reinsurance Basis	-
Net of Reinsurance Basis	72,519

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes (x) No ( )

The Company's environmental losses (including coverage dispute costs) for each of the five most recent calendar years were as follows:

(1) Direct Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$ 953,915	$ 994,002	$ 711,213	$ 950,702	$ 1,026,964
(b) Incurred losses & LAE	(36,057)	22,187	437,805	(94,296)	70,204
(c) Calendar year payments for loss & LAE	77,267	62,275	155,016	145,193	146,466
(d) Ending Reserves	$ 840,590	$ 953,915	$ 994,002	$ 711,213	$ 950,702

(2) Assumed Reinsurance Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$ 590,059	$ 463,875	$ 319,399	$ 224,391	$ 187,046
(b) Incurred losses & LAE	2,170	201,387	155,781	149,875	53,722
(c) Calendar year payments for loss & LAE	53,137	75,203	11,304	54,868	16,377
(d) Ending Reserves	$ 539,092	$ 590,059	$ 463,875	$ 319,399	$ 224,391

(3) Net of Reinsurance Basis

	2009	2008	2007	2006	2005
(a) Beginning reserves	$ 1,306,730	$ 1,335,494	$ 908,438	$ 966,043	$ 966,434
(b) Incurred losses & LAE	208	108,199	591,855	143,794	131,973
(c) Calendar year payments for loss & LAE	130,361	136,963	164,799	201,399	132,365
(d) Ending Reserves	$ 1,176,576	$ 1,306,730	$ 1,335,494	$ 908,438	$ 966,043

E. The Company holds IBNR/ bulk reserves for unreported claims.

Direct Basis	$ 824,038
Assumed Reinsurance Basis	396,924
Net of Reinsurance Basis	1,125,593

F. The Company holds case reserves for future ALAE (including coverage dispute costs)

Direct Basis	$ 68,231
Assumed Reinsurance Basis	-
Net of Reinsurance Basis	68,231

33. **Subscriber Savings Accounts**

Not applicable.

34. **Multiple Peril Crop Insurance**

Not applicable.

35. **Financial Guaranty Insurance**

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

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

1.3 State regulating? Washington

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: N/A

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

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. 12/31/2007

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/10/2009

3.4 By what department or departments? State of Washington, Office of Insurance Commissioner

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 [X] No [ ]

7.2 If yes,

7.21 State the percentage of foreign control ..... 100.000 %

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
Australian	Corporation

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?
PriceWaterhouseCoopers LLP, 100 E. Wisconsin Ave., Ste. 1800, Milwaukee, WI 53202

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Norm Donelson, Company Officer, QBE Regional (N.A.), Inc., 15805 NE 24th, Bellevue, WA 98008-2409

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

11.11 Name of real estate holding company

11.12 Number of parcels involved .....

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

11.2 If yes, provide explanation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers $.....0
18.12 To stockholders not officers $.....0
18.13 Trustees, supreme or grand (Fraternal only) $.....0

18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers $.....0
18.22 To stockholders not officers $.....0
18.23 Trustees, supreme or grand (Fraternal only) $.....0

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

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

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

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

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment .....
20.22 Amount paid as expenses .....
20.23 Other amounts paid .....

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

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....2,321,641

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes [X] No [ ]

22.2 If no, give full and complete information relating thereto.

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).
The Company does not participate in a security lending program.

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

22.5 If answer to 22.4 is yes, report amount of collateral. .....

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

23.21	Subject to repurchase agreements	$.....0
23.22	Subject to reverse repurchase agreements	$.....0
23.23	Subject to dollar repurchase agreements	$.....0
23.24	Subject to reverse dollar repurchase agreements	$.....0
23.25	Pledged as collateral	$.....0
23.26	Placed under option agreements	$.....0
23.27	Letter stock or securities restricted as to sale	$.....0
23.28	On deposit with state or other regulatory body	$.....5,426,796
23.29	Other	$.....0

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

26. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Citibank	3800 Citibank Center, Building B, 2nd Floor, Tampa, FL 33610

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Brown Brothers Harriman & Co	Citibank	08/14/2009	Services provided

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

1 Central Registration Depository Number(s)	2 Name	3 Address
	Minster Court Asset Management Pty Limited	82 Pitt Street, Sydney, Australia

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

27.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	35,075,196	35,173,825	98,629
28.2 Preferred stocks			0
28.3 Totals	35,075,196	35,173,825	98,629

28.4 Describe the sources or methods utilized in determining the fair values:
Fair value of bonds is determined using the NAIC SVO data if it is available, if not, an alternative source like the Interactive Data Corporation (IDC) is used

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

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

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
Our investment accounting provider Canning & Company utilizes IDC pricing service for the majority of our investments.
If the market price is not available through IDC, Bloomberg is used

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

30.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 121,165

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

1 Name	2 Amount Paid
Insurance Service Office Fees	86,264

32.1 Amount of payments for legal expenses, if any? $ 8,795

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Wiley REIN LLP	2,789

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 1,575

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

1 Name	2 Amount Paid
Pennsylvania Comp Rating Bureau	833

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. .....

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	$ 0	$ 0
2.2 Premium Denominator	$ 36,645,167	$ 31,585,943
2.3 Premium Ratio (2.1/2.2)	0.0	0.0
2.4 Reserve Numerator	$ 0	$ 0
2.5 Reserve Denominator	$ 46,359,778	$ 44,648,392
2.6 Reserve Ratio (2.4/2.5)	0.0	0.0

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies .....

3.22 Non-participating policies .....

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]

4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. .....

5. FOR RECIPROCAL EXCHANGES ONLY:

5.1 Does the exchange appoint local agents? Yes [ ] No [ ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]

5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]

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?

N/A No Workers' Compensation Exposure

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 QBE(the parent) Exposure Aggregation Management framework is extremely comprehensive as it consists of three approaches: First, we have a QBE group-wide initiative, which is endorsed by senior management. The Group Aggregate Methodology (GAM) considers the major worldwide CAT exposed zones and accumulates exposures to produce PML estimates for each zone. We also engage in CAT modeling with the extensive use of both RMS and AIR to model all of our exposed areas. In addition, our reinsurance brokers model our largest portfolios externally. We provide the indications to QBE Australia (ultimate parent) for all model perils. Lastly, we use Lloyd's realistic disaster scenarios (RDS). The objective of the RDS exercise is to estimate losses that would be incurred from a variety of hypothetical disaster scenarios, using consistent and appropriate methods and assumptions. Although this scenario testing is only mandatory for our Lloyd's business, the entire Group participates in the RDS exercise. The loss estimates resulting from the RDS exercise provide a stress test of the company's exposure to aggregating catastrophes and large individual loss events, as well as information on the sources of the anticipated reinsurance recoveries.

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?

The company participates in comprehensive catastrophe reinsurance protections.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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 [ ]

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

8.2 If yes, give full information:

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

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

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

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

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

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

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

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

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

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

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

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

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

11.2 If yes, give full information:

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

12.11 Unpaid losses $.....0

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

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

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [X] N/A [ ]

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

12.41 From .....%

12.42 To .....%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]

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

12.61 Letters of credit .....

12.62 Collateral and other funds .....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $.....75,000

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. 4

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:
The Company does not receive an allocation of the ceded premium because of their participation in an intercompany pooling agreement. 100% of their direct business is ceded to General Casualty Company of Wisconsin, the lead company in the pooling arrangement, therefore the Company does not receive an allocation.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

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

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 .....

17.12 Unfunded portion of Interrogatory 17.11 .....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 .....

17.14 Case reserves portion of Interrogatory 17.11 .....

17.15 Incurred but not reported portion of Interrogatory 17.11 .....

17.16 Unearned premium portion of Interrogatory 17.11 .....

17.17 Contingent commission portion of Interrogatory 17.11 .....

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 .....

17.19 Unfunded portion of Interrogatory 17.18 .....

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 .....

17.21 Case reserves portion of Interrogatory 17.18 .....

17.22 Incurred but not reported portion of Interrogatory 17.18 .....

17.23 Unearned premium portion of Interrogatory 17.18 .....

17.24 Contingent commission portion of Interrogatory 17.18 .....

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 2009	2 2008	3 2007	4 2006	5 2005
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	15,909,973	14,547,965	20,637,824	23,824,202	29,410,524
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,841,915	6,836,828	8,493,742	9,943,644	12,337,445
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	36,505,440	38,285,023	47,271,154	49,862,418	51,740,341
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	34,983	24,027	40,855	43,194	81,573
5.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6.	Total (Line 35)	60,292,311	59,693,841	76,443,575	83,673,458	93,549,883
	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)	14,693,825	13,065,731	18,863,601	20,508,916	24,611,835
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,691,864	5,460,395	6,986,298	7,732,198	9,295,070
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	9,995,695	8,615,676	13,162,165	14,080,995	14,168,003
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	34,658	23,810	40,638	42,977	61,101
11.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12.	Total (Line 35)	31,416,042	27,165,612	39,052,702	42,365,086	48,136,009
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	(76,972)	5,732,361	76,798	1,850,015	2,599,325
14.	Net investment gain (loss) (Line 11)	(515,040)	1,235,113	3,460,508	3,046,679	3,068,604
15.	Total other income (Line 15)	136,042	107,258	144,203	15,712	133,890
16.	Dividends to policyholders (Line 17)	527,524	521,273	510,900	379,851	377,555
17.	Federal and foreign income taxes incurred (Line 19)	333,142	1,944,315	1,233,891	2,111,728	2,889,873
18.	Net income (Line 20)	(1,316,635)	4,609,144	1,936,818	2,420,829	2,534,391
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	73,513,025	76,558,024	95,768,806	94,675,136	93,471,284
20.	Premiums and considerations (Page 2, Col. 3):					
	20.1 In course of collection (Line 13.1)	1,942,712	1,989,557	2,230,494	3,189,230	3,091,805
	20.2 Deferred and not yet due (Line 13.2)	8,375,942	8,190,216	9,002,838	10,035,630	9,891,464
	20.3 Accrued retrospective premiums (Line 13.3)					
21.	Total liabilities excluding protected cell business (Page 3, Line 24)	51,163,821	53,266,781	64,627,452	64,407,586	65,062,399
22.	Losses (Page 3, Line 1)	26,501,453	25,311,429	35,503,910	34,419,955	33,202,591
23.	Loss adjustment expenses (Page 3, Line 3)	5,741,926	6,183,322	8,180,359	7,878,055	7,519,264
24.	Unearned premiums (Page 3, Line 9)	13,924,516	13,153,641	17,493,372	16,907,325	16,858,169
25.	Capital paid up (Page 3, Lines 28 & 29)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26.	Surplus as regards policyholders (Page 3, Line 35)	22,349,204	23,283,243	31,141,355	30,267,552	28,408,885
	Cash Flow (Page 5)					
27.	Net cash from operations (Line 11)	1,681,010	(9,721,574)	5,745,075	3,113,666	13,815,912
	Risk-Based Capital Analysis					
28.	Total adjusted capital	22,349,204	23,283,243	31,141,355	30,267,552	28,408,885
29.	Authorized control level risk-based capital	2,627,725	2,830,496	3,758,036	3,426,872	3,207,920
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
30.	Bonds (Line 1)	20.8	28.8	26.5	91.4	86.6
31.	Stocks (Lines 2.1 & 2.2)	12.3	8.8			
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)	66.9	62.4	73.5	8.6	13.4
35.	Contract loans (Line 6)					
36.	Other invested assets (Line 7)					
37.	Receivable for securities (Line 8)					0.0
38.	Aggregate write-ins for invested assets (Line 9)					
39.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
40.	Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)					
41.	Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
42.	Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
43.	Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10)					
44.	Affiliated mortgage loans on real estate					
45.	All other affiliated					
46.	Total of above lines 40 to 45	0	0	0	0	0
47.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2009	2 2008	3 2007	4 2006	5 2005
	Capital and Surplus Accounts (Page 4)					
48.	Net unrealized capital gains (losses) (Line 24)	1,450,031	(866,795)			
49.	Dividends to stockholders (Line 35)	(2,500,000)	(10,000,000)	(1,200,000)	(600,000)	(1,900,000)
50.	Change in surplus as regards policyholders for the year (Line 38)	(934,040)	(7,858,112)	873,603	1,858,667	(311,665)
	Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
51.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	6,960,263	13,433,628	11,901,668	17,036,419	4,535,287
52.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,565,466	3,794,682	4,523,283	4,815,576	5,327,941
53.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	21,547,977	25,764,749	28,359,485	23,962,210	19,888,762
54.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	12,505	17,729	12,168	10,125	29,610
55.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
56.	Total (Line 35)	32,086,211	43,010,788	44,796,604	45,824,330	29,781,600
	Net Losses Paid (Page 9, Part 2, Col. 4)					
57.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	6,457,118	11,426,193	10,433,649	11,003,110	(602,126)
58.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,316,057	3,426,789	3,859,407	3,928,444	4,236,826
59.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	5,991,786	8,247,603	7,017,018	6,351,353	3,100,100
60.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	12,505	17,729	12,168	10,125	29,610
61.	Nonproportional reinsurance lines (Lines 31, 32 & 33)					
62.	Total (Line 35)	15,777,464	23,118,314	21,322,242	21,293,032	6,764,410
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64.	Losses incurred (Line 2)	55.4	41.0	55.6	53.2	52.0
65.	Loss expenses incurred (Line 3)	9.7	11.3	13.4	12.4	11.7
66.	Other underwriting expenses incurred (Line 4)	35.0	29.5	30.8	30.0	30.3
67.	Net underwriting gain (loss) (Line 8)	(0.3)	18.2	0.2	4.4	6.0
	Other Percentages					
68.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	33.9	33.8	31.5	29.9	26.8
69.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	65.1	52.3	69.0	65.6	63.7
70.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 35, Col. 1 x 100.0)	140.6	116.7	124.8	140.0	169.4
	One Year Loss Development (000 omitted)					
71.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	616	(4,565)	926	(777)	(71)
72.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100)	2.6	(14.7)	3.1	(2.7)	(0.2)
	Two Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(3,965)	(3,179)	116	(507)	1,540
74.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(12.7)	(10.5)	0.4	(2.8)	6.0

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
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported-Direct and Assumed
1. Prior	XXX	XXX	XXX	257	136	201	39	35	4	18	315	XXX
2. 2000	41,341	3,212	38,128	29,544	3,873	1,829	74	3,625	(5)	1,269	31,047	XXX
3. 2001	47,005	3,956	43,049	31,985	3,904	1,852	70	2,795	(14)	1,328	32,671	XXX
4. 2002	49,673	4,447	45,226	29,599	3,598	1,562	28	3,299	(19)	1,261	30,953	XXX
5. 2003	52,843	4,949	47,894	26,772	2,725	1,391	21	3,059	(27)	1,156	28,504	XXX
6. 2004	53,540	4,907	48,633	25,535	3,196	1,269	18	3,145	(30)	1,026	26,764	XXX
7. 2005	50,065	1,856	48,210	22,755	463	1,347	(19)	3,466	(35)	1,028	27,159	XXX
8. 2006	49,642	2,254	47,387	24,011	2,296	1,061	(72)	3,687	32	928	26,503	XXX
9. 2007	47,603	2,425	45,178	20,335	56	776	(91)	3,461	(38)	945	24,641	XXX
10. 2008	42,875	7,272	35,603	17,763	2,773	354	84	3,353	446	702	18,166	XXX
11. 2009	39,382	8,737	30,645	10,004	1,787	122	39	2,217	335	331	10,182	XXX
12. Totals	XXX	XXX	XXX	238,561	24,809	11,853	191	32,143	651	9,989	256,905	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior	2,767	933	1,975	415	255	79	663	273	86	5	5	4,041	XXX
2. 2000	501	256	(30)	(8)	45	17	14	8	22	3	4	278	XXX
3. 2001	637	325	29	13	47	16	30	9	36	6	9	411	XXX
4. 2002	772	286	21	11	59	14	31	9	45	6	11	601	XXX
5. 2003	857	200	35	5	79	17	41	12	54	8	17	824	XXX
6. 2004	1,030	209	83	43	105	21	57	11	69	10	35	1,050	XXX
7. 2005	1,633	250	198	89	186	34	94	16	130	16	73	1,847	XXX
8. 2006	2,819	474	125	83	317	55	171	27	212	29	114	2,978	XXX
9. 2007	4,163	505	359	74	475	80	303	24	379	45	173	4,850	XXX
10. 2008	5,905	1,479	758	273	541	107	399	64	302	41	247	5,920	XXX
11. 2009	7,221	1,331	2,664	862	537	99	550	120	836	148	519	9,448	XXX
12. Totals	28,305	6,349	6,197	1,651	2,645	537	2,353	573	2,172	317	1,209	32,244	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	3,394	647
2. 2000	35,541	4,217	31,323	86.0	131.3	82.2			3.00	223	55
3. 2001	37,411	4,329	33,082	79.6	109.4	76.8			3.00	329	82
4. 2002	35,488	3,934	31,554	71.4	88.5	69.8			3.00	496	105
5. 2003	32,289	2,961	29,328	61.3	59.8	61.5			3.00	686	138
6. 2004	31,292	3,479	27,814	58.4	70.9	57.2			3.00	861	189
7. 2005	29,809	803	29,006	59.5	43.3	60.2			3.00	1,592	345
8. 2006	32,403	2,922	29,481	65.3	129.6	62.2			3.00	2,387	590
9. 2007	30,252	761	29,491	63.5	31.4	65.3			3.00	3,843	1,007
10. 2008	29,354	5,268	24,086	68.5	72.4	67.7			3.00	4,890	1,029
11. 2009	24,152	4,522	19,630	61.3	51.8	64.1			3.00	7,892	1,556
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	26,502	5,742

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior	16,130	16,127	17,130	17,957	19,282	19,351	19,792	21,167	21,149	21,810	661	623
2. 2000	24,847	26,396	26,890	27,280	27,741	27,832	27,674	27,787	27,689	27,675	6	(112)
3. 2001	XXX	29,499	28,657	29,847	30,333	30,499	30,417	30,435	30,162	30,243	81	(192)
4. 2002	XXX	XXX	28,432	27,855	28,278	28,544	28,472	28,507	28,099	28,197	99	(310)
5. 2003	XXX	XXX	XXX	28,708	27,047	26,895	26,870	25,772	26,262	26,194	(67)	(577)
6. 2004	XXX	XXX	XXX	XXX	26,967	26,298	25,322	25,219	24,643	24,580	(63)	(639)
7. 2005	XXX	XXX	XXX	XXX	XXX	26,756	26,688	26,069	25,196	25,390	193	(679)
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	27,202	27,093	25,792	25,641	(150)	(1,462)
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25,287	25,756	25,661	(95)	(626)
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,967	20,918	(50)	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,060	XXX	XXX
										12. Totals	616	(3,965)

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	8,073	10,186	12,555	14,222	15,238	16,142	16,868	17,567	17,851	XXX	XXX
2. 2000	13,513	20,109	22,833	24,708	25,823	26,499	25,911	27,188	27,392	27,418	XXX	XXX
3. 2001	XXX	15,235	21,566	24,683	26,892	28,320	29,040	29,309	29,704	29,863	XXX	XXX
4. 2002	XXX	XXX	13,766	19,999	22,988	25,152	26,282	26,917	27,459	27,635	XXX	XXX
5. 2003	XXX	XXX	XXX	12,856	18,680	21,281	23,120	24,316	25,226	25,417	XXX	XXX
6. 2004	XXX	XXX	XXX	XXX	11,817	17,454	20,205	21,885	23,317	23,590	XXX	XXX
7. 2005	XXX	XXX	XXX	XXX	XXX	11,676	17,559	20,282	22,643	23,657	XXX	XXX
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	11,558	17,543	21,030	22,847	XXX	XXX
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,438	19,042	21,144	XXX	XXX
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,877	15,259	XXX	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,300	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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	4,420	1,972	1,604	1,155	1,971	1,784	1,693	2,773	2,280	1,950
2. 2000	3,781	1,049	663	276	412	355	188	240	67	(16)
3. 2001	XXX	4,802	1,433	719	661	437	316	346	21	38
4. 2002	XXX	XXX	5,413	1,866	1,353	765	523	495	44	32
5. 2003	XXX	XXX	XXX	5,587	2,605	1,384	773	896	109	59
6. 2004	XXX	XXX	XXX	XXX	6,254	2,953	1,263	952	220	85
7. 2005	XXX	XXX	XXX	XXX	XXX	5,605	2,573	1,748	379	197
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	4,472	2,635	628	186
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,484	1,109	564
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,444	799
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,431

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

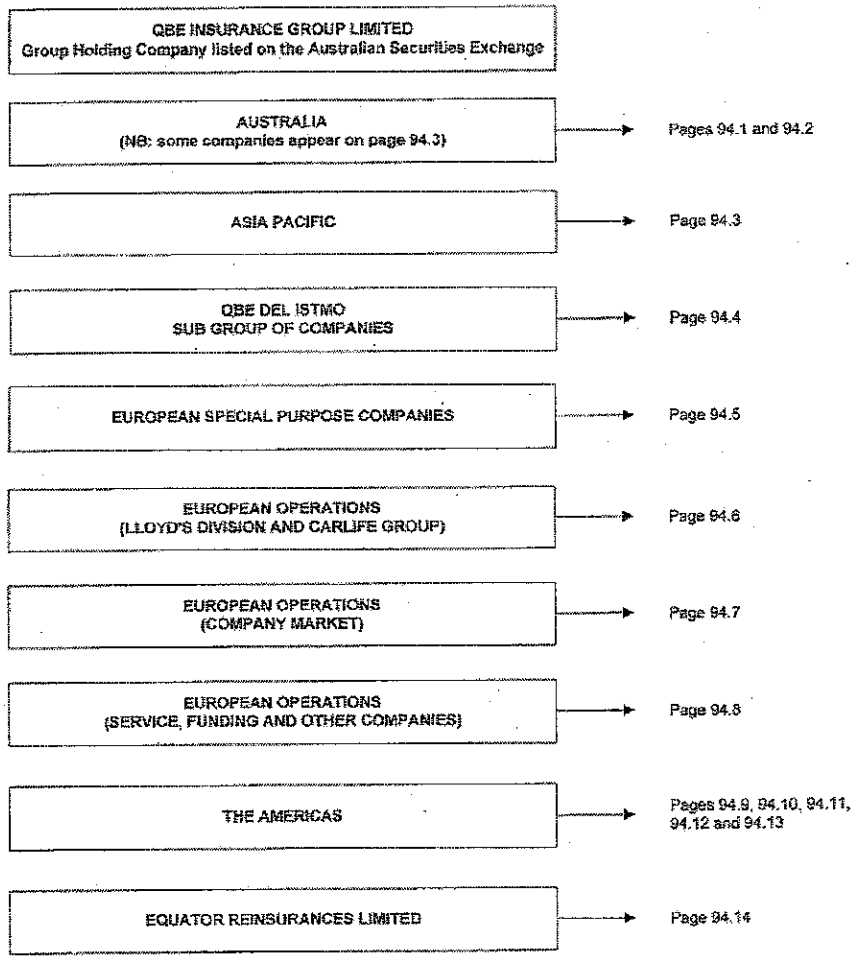
States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama AL	N					986	50,318		
2. Alaska AK	N				1,454	(308)	6,024		
3. Arizona AZ	L	452,855	481,928		102,019	73,825	87,234	1,869	
4. Arkansas AR	N								
5. California CA	L	11,433,490	12,769,014		6,842,619	8,010,930	7,294,621	47,208	
6. Colorado CO	L								
7. Connecticut CT	N								
8. Delaware DE	N								
9. District of Columbia DC	N								
10. Florida FL	N								
11. Georgia GA	N								
12. Hawaii HI	N					(1,282)	16,276		
13. Idaho ID	L	1,483,103	1,524,058		1,706,881	940,547	526,040	6,124	
14. Illinois IL	L								
15. Indiana IN	N								
16. Iowa IA	N								
17. Kansas KS	N								
18. Kentucky KY	N								
19. Louisiana LA	N								
20. Maine ME	N								
21. Maryland MD	N								
22. Massachusetts MA	N								
23. Michigan MI	N								
24. Minnesota MN	N								
25. Mississippi MS	N								
26. Missouri MO	N								
27. Montana MT	L	387,280	331,953		176,110	217,673	56,231	1,599	
28. Nebraska NE	N								
29. Nevada NV	L	3,464	2,626					14	
30. New Hampshire NH	N								
31. New Jersey NJ	N								
32. New Mexico NM	N								
33. New York NY	L				9,601	20,585	202,827		
34. North Carolina NC	L				2,673	(417,145)	171,162		
35. North Dakota ND	N								
36. Ohio OH	L								
37. Oklahoma OK	N								
38. Oregon OR	L	3,010,893	3,129,791		1,930,109	1,585,748	808,013	12,432	
39. Pennsylvania PA	N								
40. Rhode Island RI	N								
41. South Carolina SC	N								
42. South Dakota SD	N								
43. Tennessee TN	L								
44. Texas TX	N								
45. Utah UT	L	1,408,706	1,431,767		525,797	543,957	458,660	5,816	
46. Vermont VT	N								
47. Virginia VA	N								
48. Washington WA	L	10,696,678	11,056,237		5,311,487	5,122,485	6,152,706	44,166	
49. West Virginia WV	N								
50. Wisconsin WI	L								
51. Wyoming WY	N								
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	N								
55. US Virgin Islands VI	N								
56. Northern Mariana Islands MP	N								
57. Canada CN	N								
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Totals	(a) 15	28,975,269	30,727,372	0	16,308,747	16,098,001	15,830,113	119,228	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

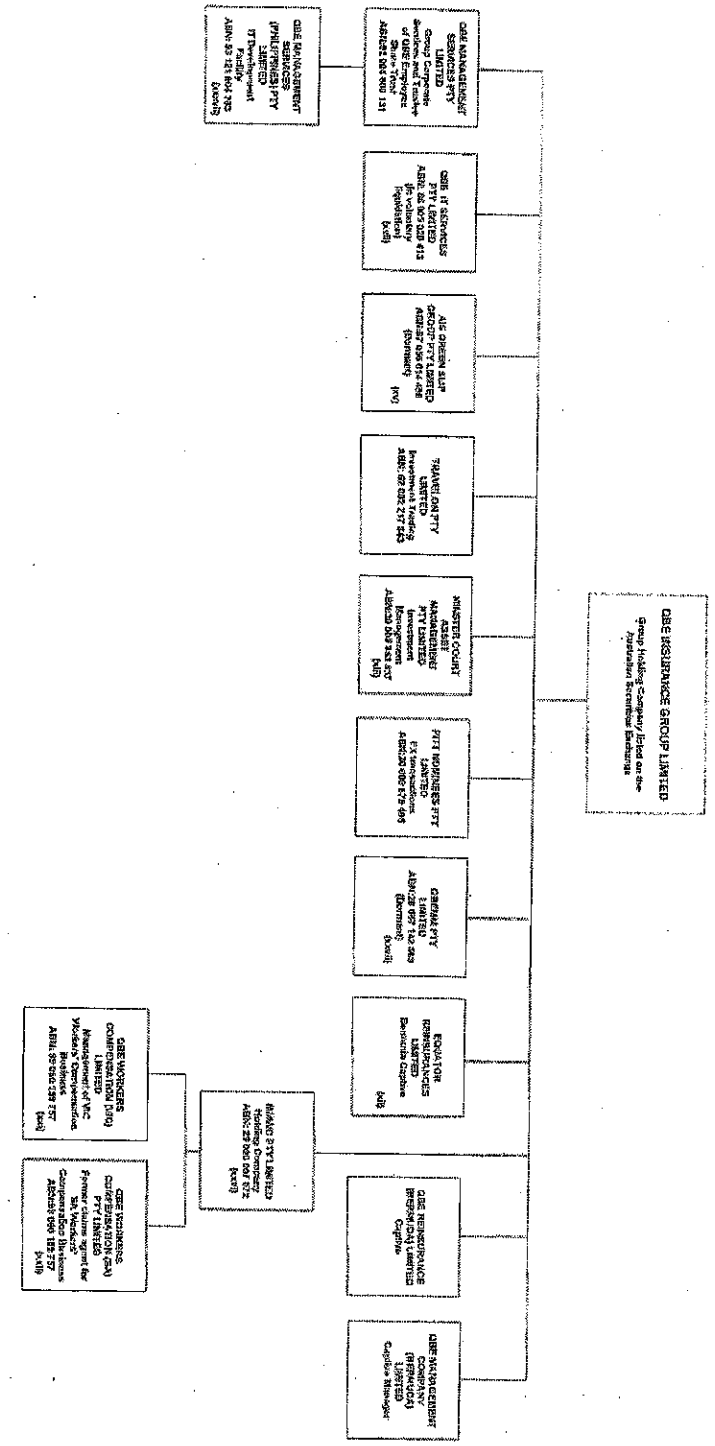
Ocean Marine - Premium allocated to States wherein the contract of insurance was negotiated and placed. Inland Marine & Earthquake - Location of property insured, insureds principal place of business or insured's principal residence. Liability other than Auto - Location of property insured or insured's principal residence. Auto Liability & Physical Damage - Location of principal garage. Surety - State in which bond is filed. All others - Location of property insured. Other Accident and Health & Workmens Compensation - Location of insured.

GROUP AND REGIONAL STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES



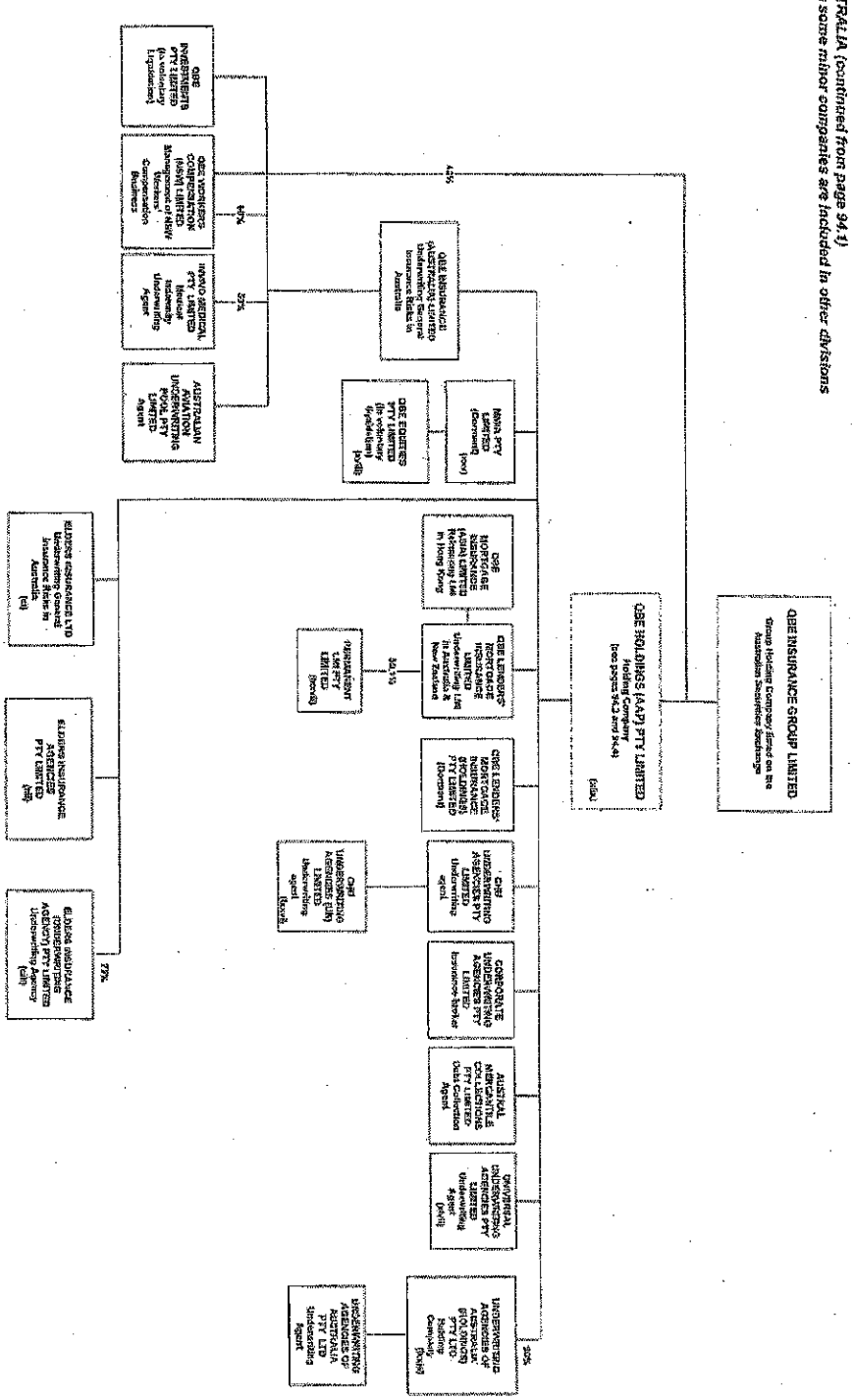
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- *AUSTRALIA (continued on page 94.2)*
- *Note some minor companies are included in other divisions*



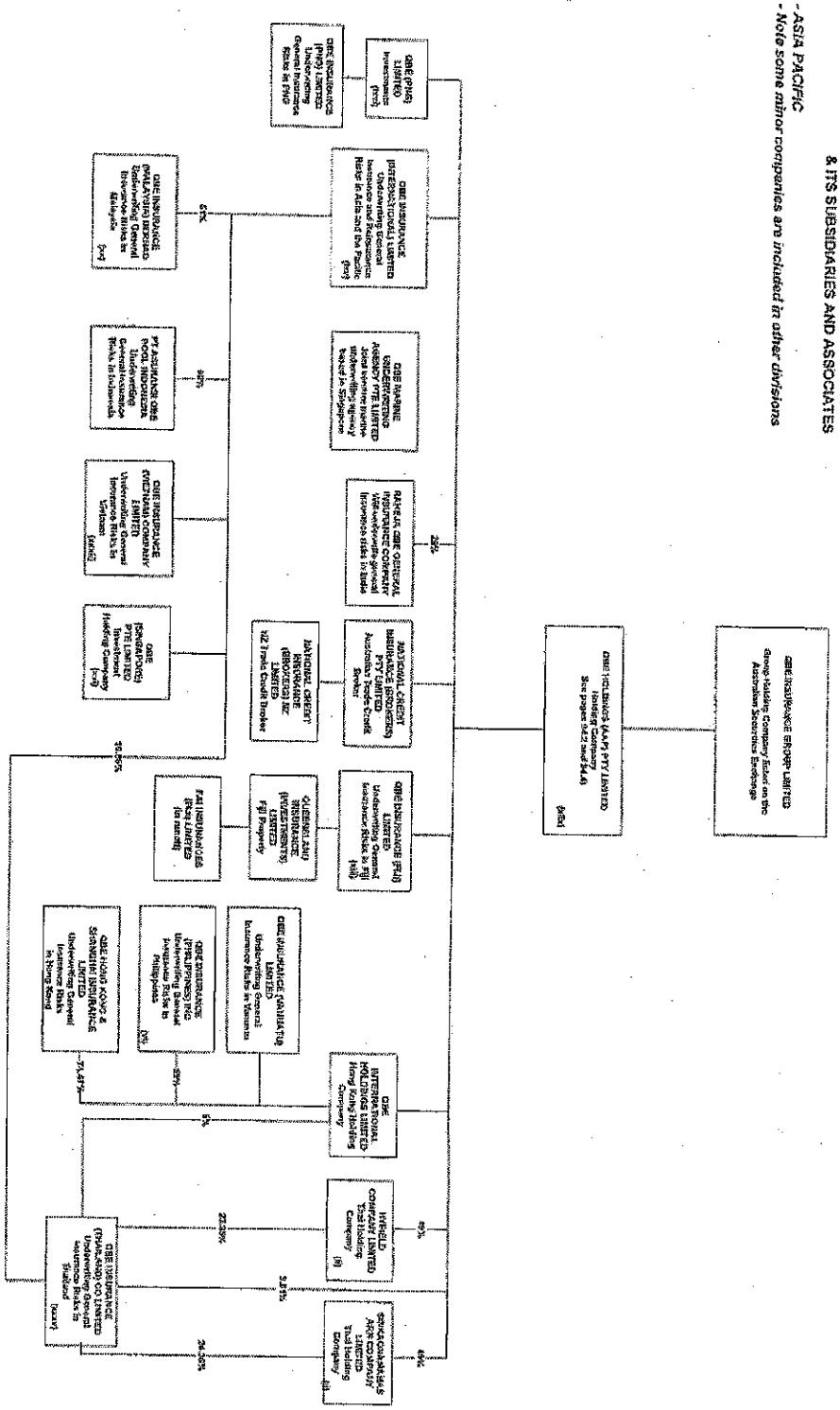
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- AUSTRALIA (continued from page 94.1)
- Note some minor companies are included in other divisions



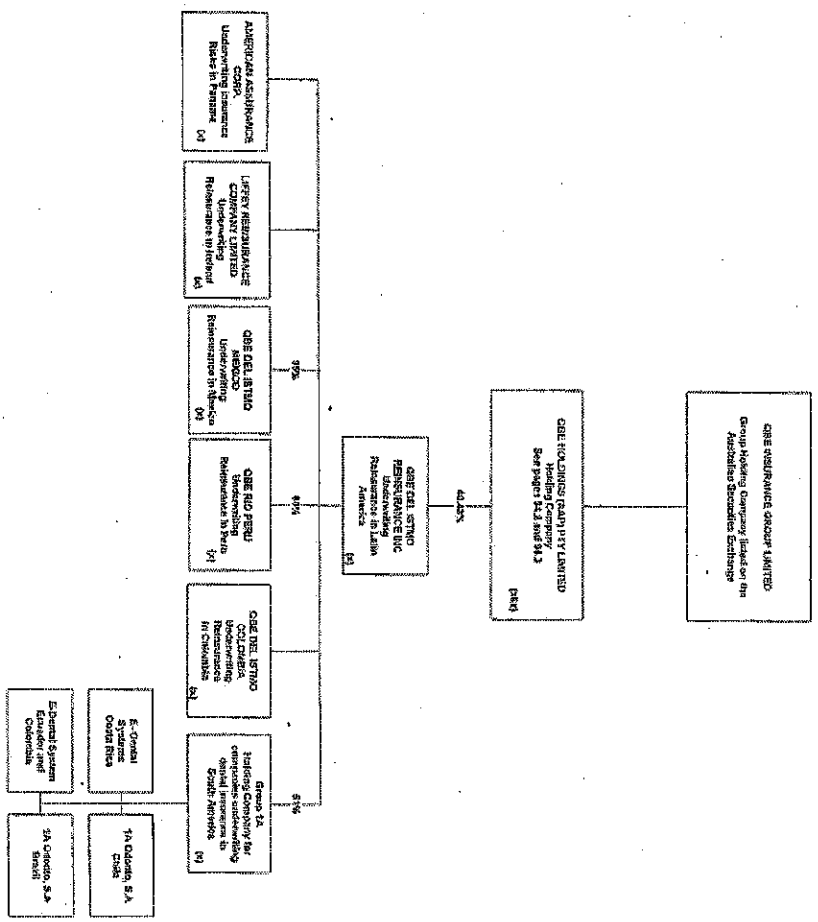
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- ASIA PACIFIC
- *Note some minor companies are included in other divisions*



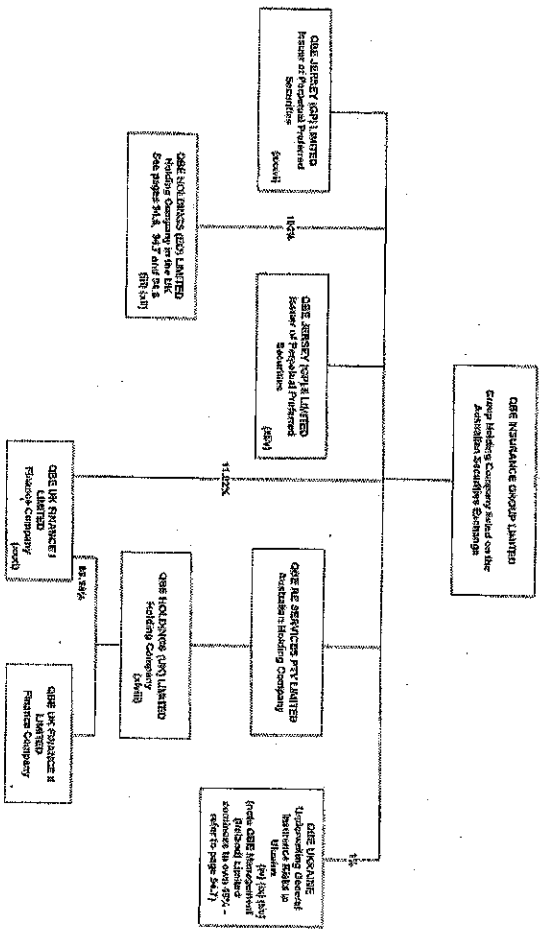
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- QBE DEL ISTMO - SUB GROUP OF COMPANIES



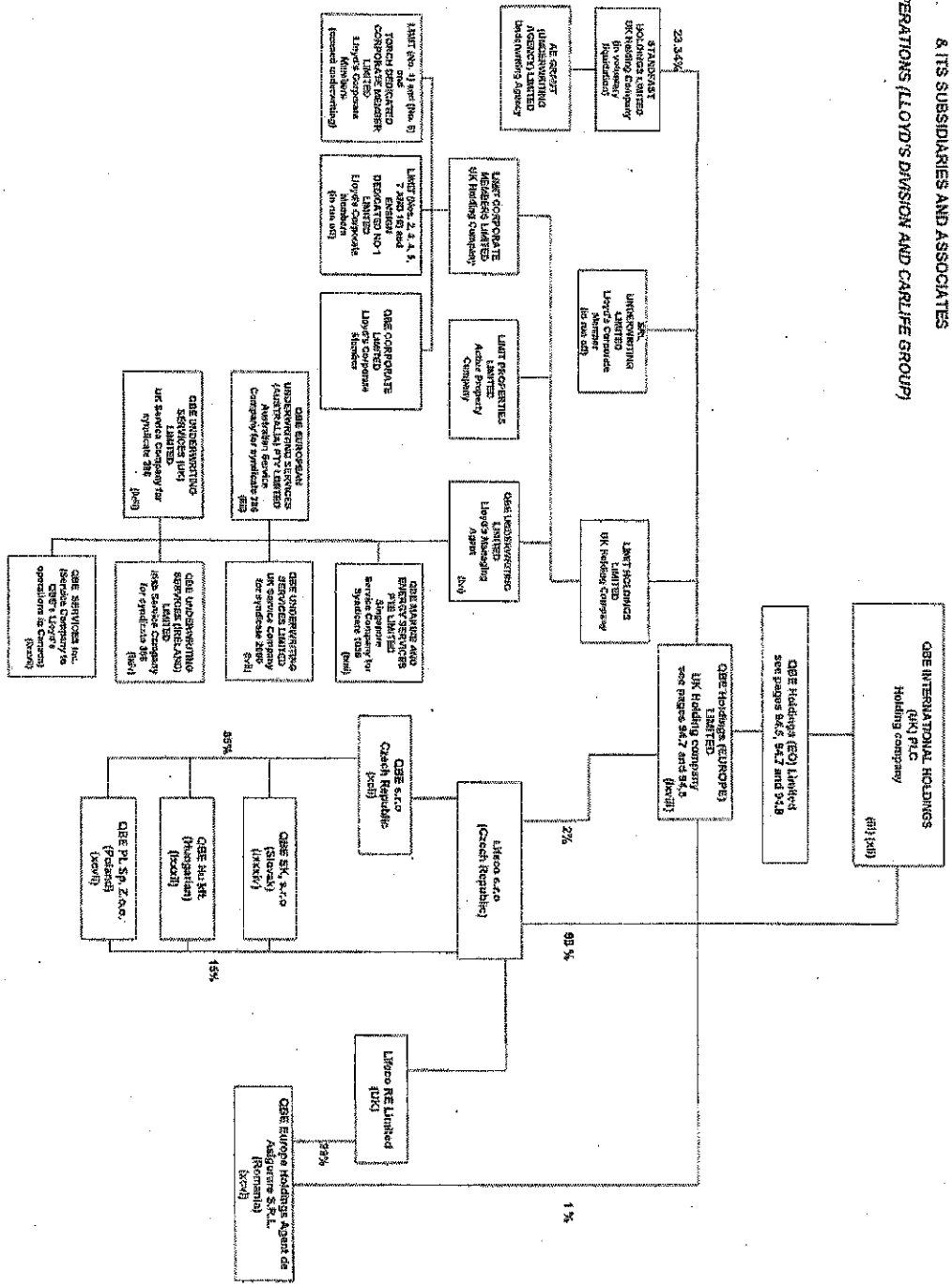
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN SPECIAL PURPOSE COMPANIES



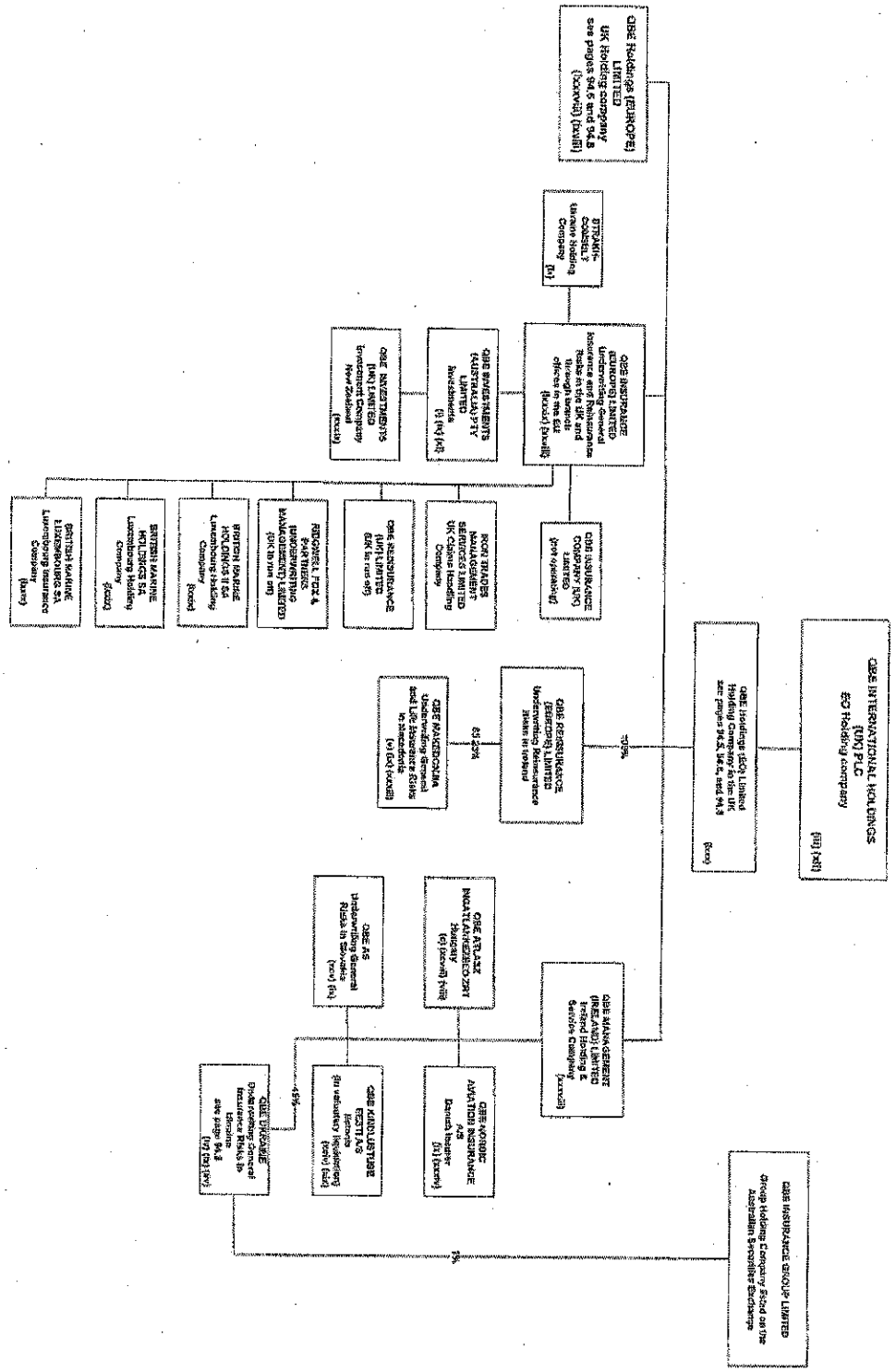
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (LLOYD'S DIVISION AND CARLIFE GROUP)



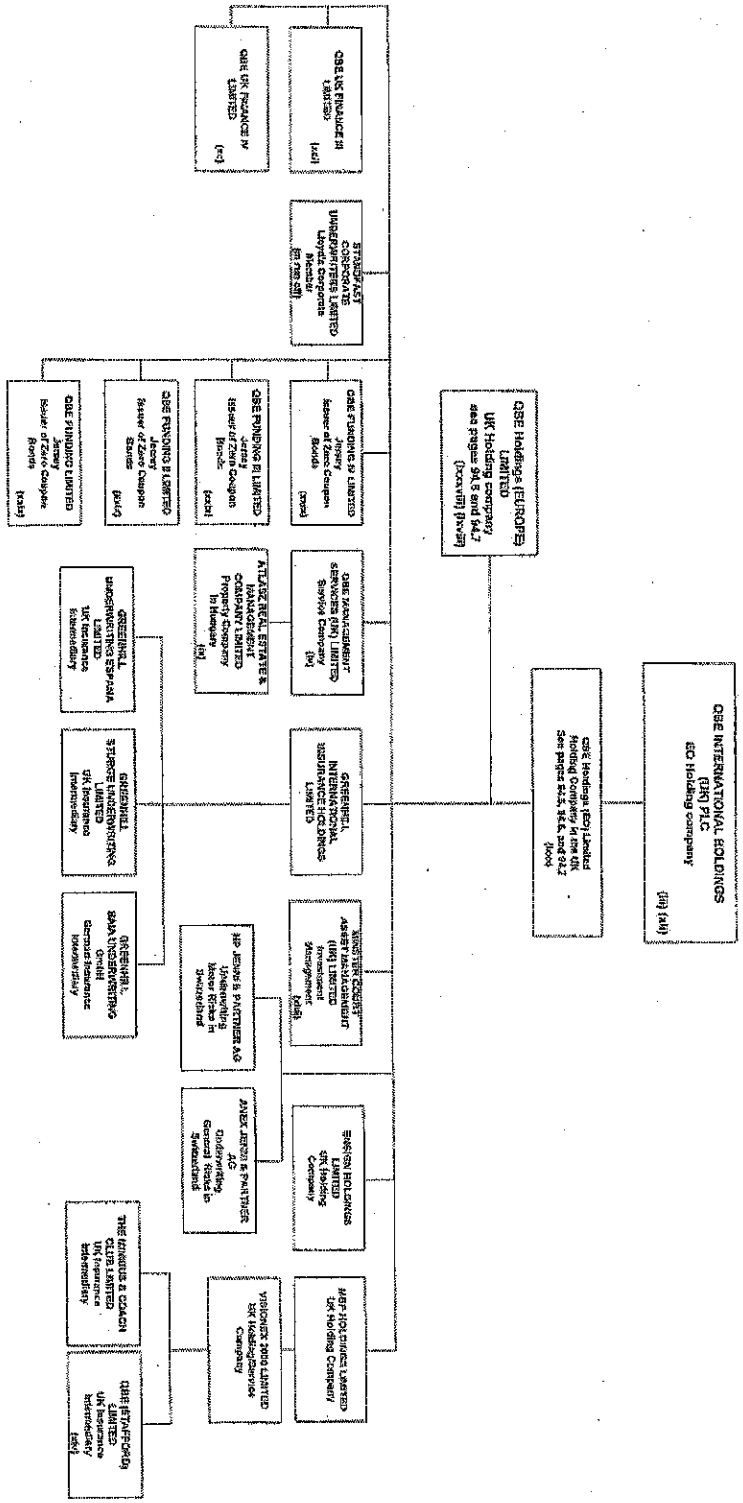
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- *EUROPEAN OPERATIONS (COMPANY MARKET)*



GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (SERVICE, FUNDING AND OTHER COMPANIES)

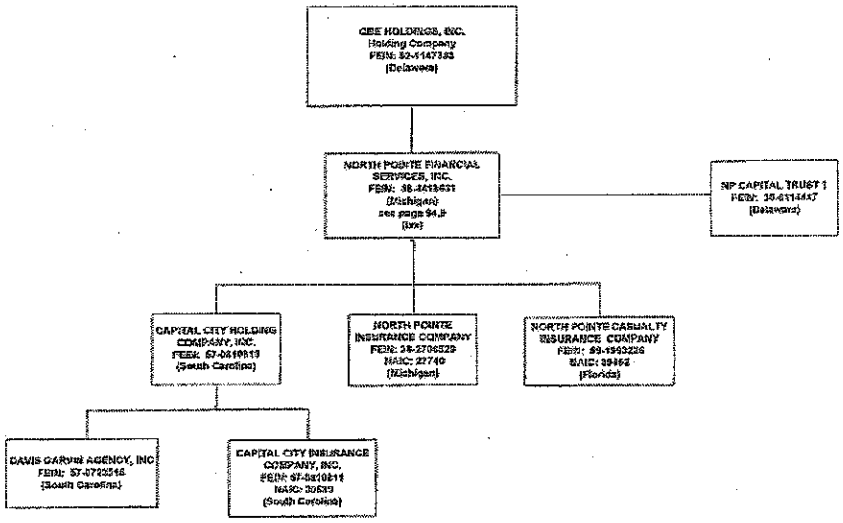


GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS

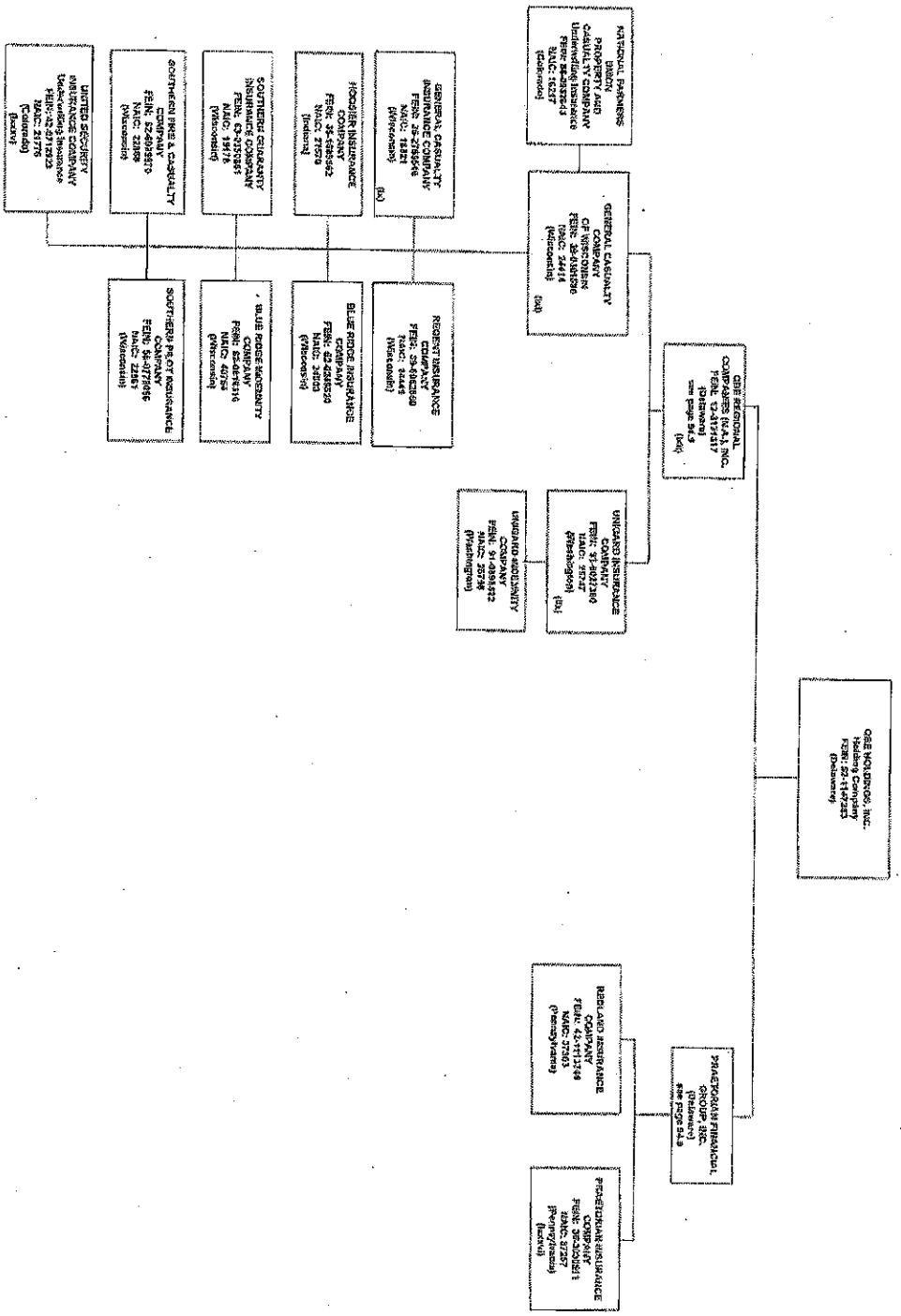
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 94.9)
North Pointe subsidiaries of QBE Holdings, Inc



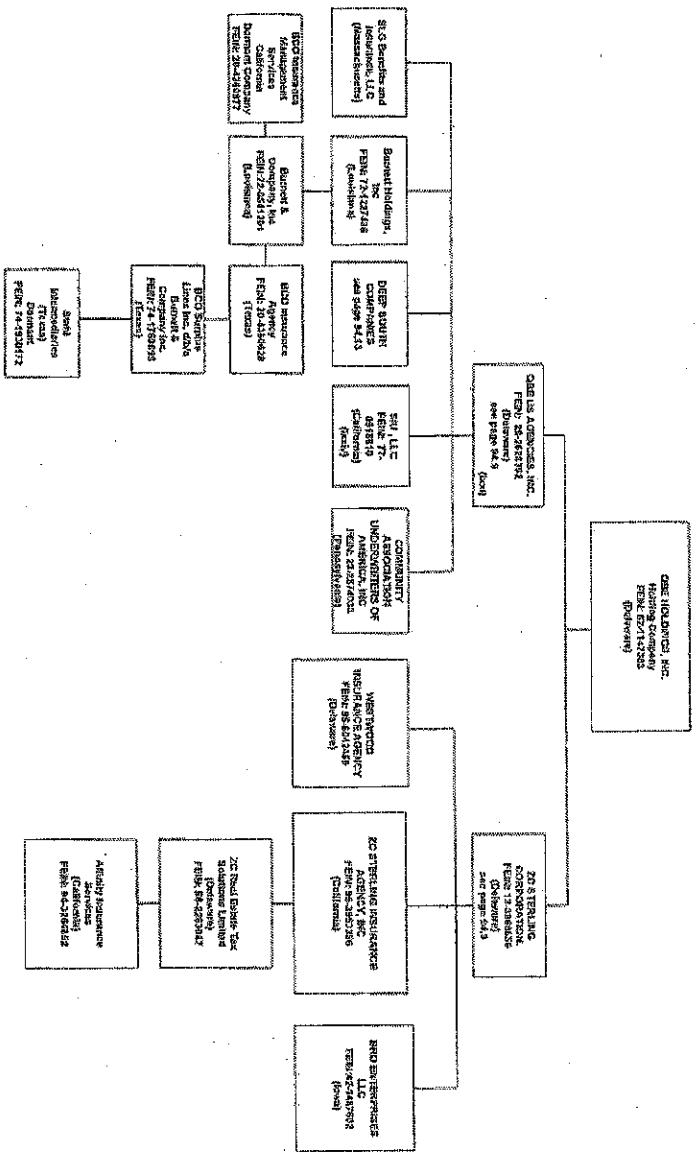
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 94.9 and 94.10)
Subsidiaries of QBE Regional Companies (N.A.), Inc. and Praetorian



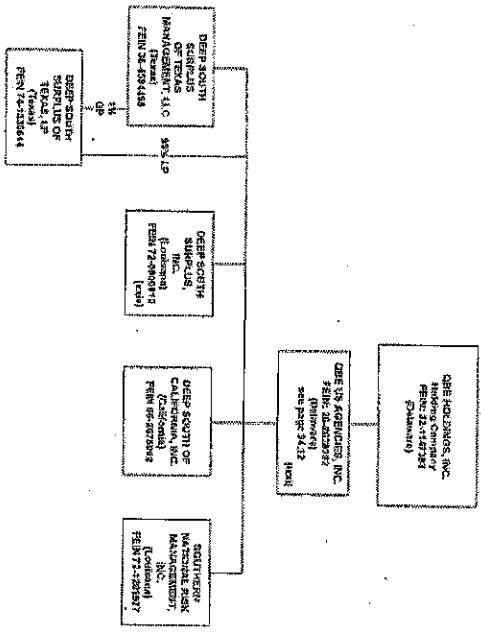
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 94.9, 94.10 and 94.11)
US Agencies



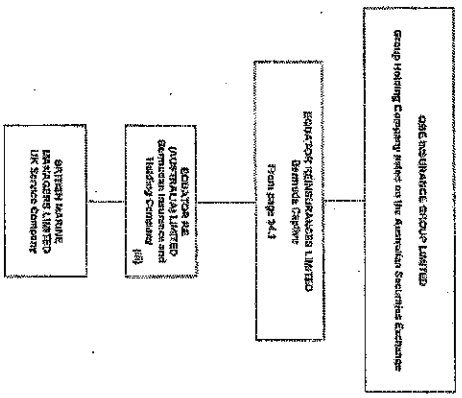
GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 94.9, 94.10, 94.11 and 94.12)
QBE US Agencies and Deep South entities



GROUP STRUCTURE - QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EQUATOR REINSURANCES



Notes to be read in conjunction with the QBE Group and Regional Structures (continued next page)

(i) - Access shares held by QBE Insurance Group Limited
(ii) - Unrelated Thai company (Born to Win Company Ltd) and its associates own 51% of shares.
(iii) - Preference shares held by QBE UK Finance II Limited
(iv) - Total Group holdings = 50%
(v) - QBE has 73.5% of the voting rights with its shareholding
(vi) - 59% held directly; 16% held by a Filipino law firm
(vii) - Part of European Operations. Company changed name to QBE Atlasz Biztosito ZRT (30/9/05), then to Stefania Biztosito Zrt (1/1/09) and then to QBE Atlasz Ingatlankezelo Zrt (4/8/09)
(ix) - Part of European Operations
(x) - Part of the Americas - sub-group includes QBE Del Istmo Mexico (95%), QBE Rin Peru (80%), QBE Del Istmo Colombia (100%), American Assurance Corp. (100%), Group 1A (51%) and Seguros Caraboho SA Venezuela (15%) was previously part of this American sub-group until sold in 2005 to "Econoinvest" (a Venezuelan company).
(xii) - Managed in Dublin as a separate division
(xiii) - Formerly Queensland Insurance (Fiji) Limited (29 April 04)
(xiv) - Formerly Tolson Messenger Limited (04)
(xv) - Formerly Australian Aviation Insurance Group (Agency) Pty Ltd (1 July 04)
(xvi) - Formerly Zurich Insurance (Singapore) Pte Ltd (14 April 05)
(xvii) - Formerly Insure IT Services Pty Ltd (05 Nov 04)
(xviii) - Acquired the balance of Concord Agency Companies in July 2006 other than Underwriting Marketing Services Pty Limited
(xix) - Changed its name to QBE Kindlustuse Eesti AS on 20 April 05 – acquired 7 April 06
(xx) - Formerly QBE-MBF Insurance Berhad (31 December 04)
(xxi) - Formerly Mercantile Mutual WorkSure Limited (14 February 05)
(xxii) - Formerly Mercantile Mutual Insurance (SA Workers Compensation) Limited (14 February 05)
(xxiii) - Formerly Mercantile Equities Pty Limited (8 March 05)
(xxiv) - The following have merged with Deep South Surplus, Inc. (Louisana): on 14 May 09 - DSS of Georgia, Inc., DSS of Tennessee, Inc., DSS of Colorado, Inc., DSS of Ohio, Inc., DSS of Florida, Inc. and DS Connecticut, Inc.; on 26 May 09 DSS of New Mexico, Inc.; on 22 September 09 DSS of Arkansas, Inc.; and on 23 September 09 DS of Oklahoma, Inc.
(xxv) - Formerly Mercantile Mutual Insurance (Australia) Limited (15 April 05)
(xxvi) - Formerly Mercantile Mutual Insurance (Workers Compensation) Limited (15 April 05)
(xxvii) - Formerly QBE Mercantile Mutual Limited (5 May 05)
(xxviii) - Formerly QBE International Insurance Limited (30 September 05)
(xxix) - SPVs utilised in LYONs and SCS transactions through, respectively, QBE Funding Trust (LYONs), QBE Funding Trust II (LYONs II), QBE Funding Trust III (SCS aka LYONS III) and QBE Funding Trust IV (LYONs IV)
(xxx) - Companía Central de Seguros de Vida SA, former subsidiary, was merged into Companía Central de Seguros SA on 30 November 2005
(xxxi) - Formerly Sandsale Limited (30 November 05)
(xxxii) - Sale of 50% interest in separate legal entity, BIDV-QBE Insurance Company occurred simultaneously with this acquisition. Previously Allianz General Insurance (Vietnam) Co. Ltd. Completed 1 Jan 06
(xxxiii) - Formerly owned by QBE Insurance (Europe) Limited
(xxxiv) - Formerly Nordic Aviation Insurance A/S – completion occurred 30 March 06
(xxxv) - Born to Win Company Ltd holds 19.25% directly
(xxxvi) - SPV utilised in Perpetual Preferred Securities issue through QBE Capital Funding LP
(xxxvii) - QBE Management Services (Philippines) Pty Ltd incorporated in NSW (25 September 06)
(xxxviii) - Universal Management Limited changed its name to QBE Management (Ireland) Limited on 3 October 06
(xxxix) - QBE Workable Limited changed its name to QBE Investments (UK) Limited on 20 December 06
(xl) - Queensland Insurance (Australia) Pty Limited changed its name to QBE Investments (Australia) Pty Limited on 5 January 07
(xli) - QBE Re Services Pty Ltd owns one ordinary share
(xlii) - QBE Finance Pty Limited changed its name to Minster Court Asset Management Pty Ltd on 2 February 07
(xliii) - Minster Court Asset Management Limited changed its name to Minster Court Asset Management (UK) Limited on 19 February 07
(xliv) - SPV utilised in April 07 Perpetual Preferred Securities issue through QBE Capital Funding LP II
(xlv) - Minibus Plus Ltd changed its name to QBE (Stafford) Ltd on 9 July 07
(xlvi) - Companía Central de Seguros changed its name to QBE Seguros SA on 31 March 07
(xlvii) - Universal Underwriting Agencies Pty Limited acquired 31 August 07
(xlviii) - QBE Holdings (UK) Limited now owns one ordinary share on 4 September 07

Note: all shareholdings are 100% unless specified

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xlix) - QBE International (investments) Pty Limited changed its name to QBE Holdings (AAP) Pty Limited on 12 September 07
(l) - QBE Latin America Insurance Holdings, S.L. capitalised on 21 September 07
(li) - QBE Insurance Corporation (the Americas) purchased the entire issued share capital of Cumbre Seguros de Mexico, S.A. de C.V. on 1 November 07
(lii) - British Marine Holdings Limited changed its name to Equator Re (Australia) Limited on 14 November 07
(liii) - DA Constable Syndicate Pty Limited changed its name to QBE European Underwriting Services Australia Pty Limited on 22 November 07
(liv) - QBE - UGPB changed its name to QBE UKRAINE on 23 November 07
(lv) - QBE Management (UK) Limited changed its name to QBE Management Services (UK) Limited on 31 December 07
(lvi) - Limit Underwriting Limited changed its name to QBE Underwriting Limited on 31 December 07
(lvii) - Limit Technology and Commercial Underwriting Limited changed its name to QBE Underwriting Services Limited on 31 December 07
(lviii) - DA Constable Syndicate Limited changed its name to QBE Underwriting Services (UK) Limited on 31 December 07
(lix) - Unigard Pacific Insurance Company merged into Unigard Insurance Company on 31 December 07
(lx) - General Casualty Company of Illinois redomiciled to Wisconsin and changed its name to General Casualty Insurance Company on 31 December 07
(lxi) - Mesawest Insurance Company merged into General Casualty Company of Wisconsin on 31 December 07
(lxii) - Unigard Inc., QBE US Investment Management Corp., Republic Financial Services, Inc. (NV), Republic Financial Services, Inc. (TX), and QBE North American Management, Inc. merged into QBE Regional Companies (N.A.), Inc. on 31 December 07
(lxiii) - QBE Marine and Energy Services PTE Limited incorporated in Singapore on 7 January 08
(lxiv) - DA Constable Syndicate (Ireland) Limited changed its name to QBE Underwriting Services (Ireland) Limited on 16 January 08
(lxv) - Countries of operation include French Polynesia, Macau, New Caledonia, New Zealand, Singapore and Solomon Islands
(lxvi) - Ownership transferred from QBE Insurance Group Limited to QBE Holdings (AAP) Pty Limited on 13 March 08
(lxvii) - 100% shareholding in then named QBE Australia Pty Limited was transferred from QBE Re Services Pty Limited to QBE Insurance Group Limited on 25 March 08
(lxviii) - Limit PLC changed its name to QBE Holdings (Europe) Limited and was re-registered as a private company on 7 April 08
(lxix) - QBE Australia Pty Limited changed its name to QBE Holdings (Americas) Pty Limited on 23 April 08
(lxx) - North Pointe Holdings Corporation merged into North Pointe Financial Services, Inc. effective 10 January 2009
(lxxi) - QBE US Agencies Inc incorporated on 16 April 08, acquired Deep South companies on 2 June 08
(lxxii) - 94.99% shareholding in QBE Seguros SA transferred to QBE Latin America Insurance Holdings, S.L. on 30 June 08 – the remaining 2.43% owned by many minority shareholders
(lxxiii) - 90% of Sanderson Insurance Brokers Pty Limited (SIB) acquired on 1 July 08 together with its wholly owned subsidiary, Underwriting Agencies of Australia Pty Limited. SIB changed its name to Underwriting Agencies of Australia (Holdings) Pty Ltd on 28 January 2009
(lxxiv) - QBE US Agencies acquired SIU, LLC on 1 July 08
(lxxv) - Cumbre Compania de Seguros SA de CV changed its name to QBE de Mexico Compania de Seguros SA de CV on 5 August 08
(lxxvi) - CHU Underwriting Agencies (UK) Ltd was incorporated on 27 August 2008
(lxxvii) - Permanent is a joint venture between QBE Lenders' Mortgage Insurance Limited ("QBE LMI") and Heritage Building Society ("Heritage") of which QBE LMI owns 50.1% and Heritage owns 49.9%. The joint venture operates in substance as a distribution vehicle through Heritage.
(lxxviii) - Incorporated on 1 January 2009
(lxxix) - Transfer effective 31 December 2008
(lxxx) - Incorporated under name of Hackremco (No.2584) Limited on 9 October 2008 an changed name to QBE Holdings (EO) Limited on 11 November 2008
(lxxxi) - QBE Pacific Insurance Limited was amalgamated with QBE Insurance (PNG) Limited on 1 December 2008 to become one entity named QBE Insurance (PNG) Limited
(lxxxii) - Carlife kft changed name to QBE Hu kft on 19 March 2009
(lxxxiii) - Carlife PMP s.r.o. and Creditlife CZ s.r.o. merged into Carlife Direct s.r.o. on 19 March 2009
(lxxxiv) - Carlife SK, s.r.o changed name to QBE SK, s.r.o on 10 March 2009
(lxxxv) - Effective 1/1/2009 the company is a subsidiary of General Casualty Company of Wisconsin. This was done via an extraordinary dividend by National Farmers Union Property and Casualty Company
(lxxxvi) - Praetorian Specialty Insurance Company, i.e a prior subsidiary of Praetorian Insurance Company was sold as of 17 February 2009. While the Pennsylvania jurisdiction has authorised the redomestication of Praetorian Insurance Company to Pennsylvania, as at 14 October 2009, formal approval is pending with its former jurisdiction, Illinois.
(lxxxvii) - The 0.01% (1 share) is owned by Alessandro Jarzynski (CEO of QBE Brasil)
(lxxxviii) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd on 3 July 2009
(lxxxix) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd 3 July 2009
(xc) - Incorporated on 27 May 2009
(xci) - Incorporated on 27 May 2009
(xcii) - Carlife Direct s.r.o. changed its name to QBE s.r.o on 7 April 2009
(xciii) - Business transferred to QBE Insurance (Europe) Ltd Hungary Branch on 1 October 2008
(xciv) - Business transferred to QBE Insurance (Europe) Ltd Estonia Branch on 1 November 2008
(xcv) - QBE Poistovna, a.s. changed its name to QBE, a.s. on 5 May 2008
(xcvi) - Carlife SRL changed its name to QBE Europe Holdings Agent de Asigurare S.R.L. on 18 May 2009
(xcvii) - Carlife Sp. Z.o.o. changed its name to QBE PL Sp. Z.o.o. on 9 March 2009

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xcviii) – Name changed from Stefania Biztosito Zrt to QBE Alassz Ingatlankezelo Zrt on 4 August 2009.
(xcix) - The following companies have dissolved: QBE Corporate Holdings Limited – 2 August 2009; QBE Corporate Capital Holdings plc – 2 August 2009; Energy Insurance Services Limited – 5 August 2009; Icon Schemes Limited – 5 August 2009
(c) - Atlasz Lieu Kft was de registered on 3 August 2009.
(ci) - Acquired 30 September 2009
(cii) - Acquired 30 September 2009
(ciii) - Incorporated 14/08/09. Joint Venture General Insurance Underwriting Agency – owned 75% by QBE Holdings (AAP) Pty Limited and 25% by Elders Rural Services Australia Limited.

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QUARTERLY STATEMENT

As of June 30, 2010
of the Condition and Affairs of the

Unigard Indemnity Company

NAIC Group Code.....796, 796 (Current Period) (Prior Period) NAIC Company Code..... 25798 Employer's ID Number..... 91-0895822

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

Incorporated/Organized..... November 8, 1972 Commenced Business..... November 22, 1972

Statutory Home Office 15805 NE 24th Street..... Bellevue ..... WA 98008-2409
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 15805 NE 24th Street..... Bellevue ..... WA 98008-2409 425-644-5236
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 15805 NE 24th Street..... Bellevue ..... WA 98008-2409
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records One General Drive..... Sun Prairie ..... WI 53596 425-644-5236
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.unigard.com

Statutory Statement Contact Darnyl Bryon Klatt 608-825-5160
(Name) (Area Code) (Telephone Number) (Extension)
darnyl.klatt@us.qbe.com 608-825-5053
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Peter Kurt Christen	President & CEO	2. John Roger Schanen	Treasurer
3. Jennifer Jean Vernon	Secretary	4.	

OTHER

Lindsay Arnold Chatterton, Jr.	Senior Vice President	Thomas Mark Greenfield	Senior Vice President
Peter George Logothetis	Senior Vice President	John Michael Bondura	Regional Insurance Claims Officer
Charles Robert Valinotti	Senior Vice President	Steven Lawrence Sheinheit	Chief Strategy and Technology Officer
James Justin Fiore	Chief Underwriting Officer	Norm Emil Donelson	Chief Actuary
Kevin Donald Root	Controller	Jennifer Jean Vernon	General Counsel
Andrew Joseph Doll	Senior Vice President		

DIRECTORS OR TRUSTEES

Peter Kurt Christen John Rumpler John Roger Schanen

State of..... Wisconsin
County of..... Dane

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Peter Kurt Christen	John Roger Schanen	Jennifer Jean Vernon
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & CEO	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	8,023,310		8,023,310	11,902,864
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	6,601,507		6,601,507	7,028,425
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
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 $.....0 encumbrances)			0	
5. Cash ($....3,644,935), cash equivalents ($....15,999,317) and short-term investments ($....21,216,324)	40,860,579		40,860,579	38,286,115
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets			0	
9. Receivables for securities			0	
10 Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	55,485,396	0	55,485,396	57,217,404
12. Title plants less $.....0 charged off (for Title insurers only)			0	
13. Investment income due and accrued	270,673		270,673	274,493
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	2,343,179	206,155	2,137,024	1,942,712
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....5,342 earned but unbilled premiums)	9,049,567	2,779	9,046,788	8,375,942
14.3 Accrued retrospective premiums			0	
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	1,374,844		1,374,844	1,539,188
15.2 Funds held by or deposited with reinsured companies			0	
15.3 Other amounts receivable under reinsurance contracts			0	
16. Amounts receivable relating to uninsured plans			0	
17.1 Current federal and foreign income tax recoverable and interest thereon	445,505		445,505	115,495
17.2 Net deferred tax asset	3,083,088	1,267,674	1,815,414	2,564,425
18. Guaranty funds receivable or on deposit			0	
19. Electronic data processing equipment and software			0	
20. Furniture and equipment, including health care delivery assets ($.....0)			0	
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	
22. Receivables from parent, subsidiaries and affiliates			0	1,483,366
23. Health care ($.....0) and other amounts receivable			0	
24. Aggregate write-ins for other than invested assets	27,772	20,918	6,854	0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 through 24)	72,080,025	1,497,526	70,582,499	73,513,025
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
27. Total (Lines 25 and 26)	72,080,025	1,497,526	70,582,499	73,513,025

DETAILS OF WRITE-INS

1001			0	
1002			0	
1003			0	
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above)	0	0	0	0
2401. Prepaid pension asset	20,918	20,918	0	
2402. Other Assets	6,854		6,854	
2403.			0	
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	27,772	20,918	6,854	0

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Losses (current accident year $.....4,979,840)	24,710,555	26,501,453
2.	Reinsurance payable on paid losses and loss adjustment expenses	128,695	191,881
3.	Loss adjustment expenses	5,552,581	5,741,928
4.	Commissions payable, contingent commissions and other similar charges	755,710	1,111,264
5.	Other expenses (excluding taxes, licenses and fees)	256,307	1,093,421
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	127,773	89,309
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (after deducting unearned premiums for ceded reinsurance of $.....13,218,540 and including warranty reserves of $.....0)	13,389,183	13,924,516
10.	Advance premium	133,557	124,980
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	1,912,441	1,017,833
13.	Funds held by company under reinsurance treaties		
14.	Amounts withheld or retained by company for account of others	337	337
15.	Remittances and items not allocated		578
16.	Provision for reinsurance		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		3,624
19.	Payable to parent, subsidiaries and affiliates	1,280,231	
20.	Derivatives		
21.	Payable for securities		
22.	Liability for amounts held under uninsured plans		
23.	Capital notes $.....0 and interest thereon $.....0		
24.	Aggregate write-ins for liabilities	494,299	1,362,695
25.	Total liabilities excluding protected cell liabilities (Lines 1 through 24)	48,741,669	51,163,821
26.	Protected cell liabilities		
27.	Total liabilities (Lines 25 and 26)	48,741,669	51,163,821
28.	Aggregate write-ins for special surplus funds	379,640	574,533
29.	Common capital stock	3,000,000	3,000,000
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds	0	0
32.	Surplus notes		
33.	Gross paid in and contributed surplus	6,300,000	6,300,000
34.	Unassigned funds (surplus)	12,161,190	12,474,671
35.	Less treasury stock, at cost:		
	35.1 .....0.000 shares common (value included in Line 29 $.....0)		
	35.2 .....0.000 shares preferred (value included in Line 30 $.....0)		
36.	Surplus as regards policyholders (Lines 28 to 34, less 35)	21,840,830	22,349,204
37.	Totals	70,582,499	73,513,025

DETAILS OF WRITE-INS

2401.	Minimum pension liability	294,536	1,147,242
2402.	Retrospective Premium accrued	161,012	168,374
2403.	2009 Private Passenger Escrow	38,751	47,079
2498.	Summary of remaining write-ins for Line 24 from overflow page	0	0
2499.	Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	494,299	1,362,695
2801.	Additional admitted deferred tax assets	379,640	574,533
2802.			
2803.			
2898.	Summary of remaining write-ins for Line 28 from overflow page	0	0
2899.	Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	379,640	574,533
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page	0	0
3199.	Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct ..... (written $ 12,407,120)	13,982,718	15,675,079	30,727,371
1.2 Assumed ..... (written $ 13,942,696)	14,478,029	15,435,177	30,645,169
1.3 Ceded ..... (written $ 12,407,120)	13,982,718	15,675,079	30,727,371
1.4 Net ..... (written $ 13,942,696)	14,478,029	15,435,177	30,645,170
DEDUCTIONS:			
2. Losses incurred (current accident year $ 7,816,024):			
2.1 Direct	5,487,002	5,757,166	16,098,001
2.2 Assumed	7,317,377	7,586,349	16,967,490
2.3 Ceded	5,487,002	5,757,166	16,098,001
2.4 Net	7,317,377	7,586,349	16,967,490
3. Loss adjustment expenses incurred	1,915,041	1,605,048	2,971,495
4. Other underwriting expenses incurred	4,927,120	5,708,684	10,738,079
5. Aggregate write-ins for underwriting deductions	(6,759)	48,094	47,079
6. Total underwriting deductions (Lines 2 through 5)	14,152,779	14,848,175	30,722,142
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	325,250	587,002	(76,972)
INVESTMENT INCOME			
9. Net investment income earned	147,445	688,753	1,108,702
10. Net realized capital gains (losses) less capital gains tax of $ 0	147,381	(1,510,808)	(1,623,743)
11. Net investment gain (loss) (Lines 9 + 10)	294,826	(822,055)	(515,040)
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 0 amount charged off $ 46,606)	(46,606)	(22,759)	(43,183)
13. Finance and service charges not included in premiums	82,541	87,044	181,593
14. Aggregate write-ins for miscellaneous income	(472)	(1,483)	(2,369)
15. Total other income (Lines 12 through 14)	35,463	62,802	136,042
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	655,539	(172,251)	(455,970)
17. Dividends to policyholders	200,256	194,765	527,524
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)	455,283	(367,016)	(983,493)
19. Federal and foreign income taxes incurred	19,790	499,734	333,142
20. Net income (Line 18 minus Line 19) (to Line 22)	435,493	(866,750)	(1,316,635)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	22,349,203	23,283,246	23,283,243
22. Net income (from Line 20)	435,493	(866,750)	(1,316,635)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 246,966	(458,852)	590,246	1,450,031
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	(448,606)	529,367	784,365
27. Change in nonadmitted assets	684,533	(7,838)	715,887
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office		(1,000,000)	(2,500,000)
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	(721,143)	(109,198)	(67,689)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(508,374)	(863,973)	(934,040)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	21,840,830	22,419,273	22,349,203
DETAILS OF WRITE-INS			
0501. 2009 Private Passenger Escrow	(6,759)	48,094	47,079
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(6,759)	48,094	47,079
1401. Miscellaneous income (expenses)	(472)	(1,483)	(2,369)
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(472)	(1,483)	(2,369)
3701. Additional minimum pension liability	554,259	(109,198)	(67,689)
3702. Additional admitted deferred tax assets	(194,893)		574,533
3703. Reclassification of additional admitted deferred tax assets to special surplus funds	194,893		(574,533)
3798. Summary of remaining write-ins for Line 37 from overflow page	(1,275,402)	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	(721,143)	(109,198)	(67,689)

CASH FLOW

		1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance	14,049,178	16,532,589	31,731,918
2.	Net investment income	155,781	775,361	1,419,560
3.	Miscellaneous income	35,463	62,802	136,042
4.	Total (Lines 1 through 3)	14,240,432	17,370,752	33,287,520
5.	Benefit and loss related payments	9,007,117	7,704,998	15,900,885
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	8,178,954	7,661,306	14,229,388
8.	Dividends paid to policyholders	200,266	194,765	527,524
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	349,800	948,713	948,713
10.	Total (Lines 5 through 9)	17,736,128	16,509,782	31,606,510
11.	Net cash from operations (Line 4 minus Line 10)	(3,495,696)	860,970	1,681,010
	CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	6,875,340	13,348,934	15,711,445
	12.2 Stocks	2,262,260	1,268,204	2,600,843
	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	87		13,893
	12.7 Miscellaneous proceeds		70,038	
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	9,137,687	14,687,176	18,326,181
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	3,000,047	4,013,400	10,026,685
	13.2 Stocks	2,393,931	1,539,400	2,995,735
	13.3 Mortgage loans			
	13.4 Real estate			
	13.5 Other invested assets			
	13.6 Miscellaneous applications		86,176	
	13.7 Total investments acquired (Lines 13.1 to 13.6)	5,393,978	5,618,976	13,022,420
14.	Net increase (decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	3,743,709	9,068,200	5,303,761
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			
	16.2 Capital and paid in surplus, less treasury stock			
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities			
	16.5 Dividends to stockholders		1,000,000	2,500,000
	16.6 Other cash provided (applied)	2,326,450	(3,687,525)	(6,515,561)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	2,326,450	(4,687,525)	(8,015,561)
	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)	2,574,463	5,241,645	(1,030,790)
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	38,286,115	39,316,905	39,316,905
	19.2 End of period (Line 18 plus Line 19.1)	40,860,579	44,558,550	38,286,115

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

20.0001				

NOTES TO FINANCIAL STATEMENTS

Note #	Description
1	Summary of Significant Accounting Policies
2	Accounting Changes and Corrections of Errors
3	Business Combinations and Goodwill
4	Discontinued Operations
5	Investments
6	Joint Ventures, Partnerships and Limited Liability Companies
7	Investment Income
8	Derivative Instruments
9	Income Taxes
10	Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties
11	Debt
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
14	Contingencies
15	Leases
16	Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
17	Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities
18	Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
20	Other Items
21	Events Subsequent
22	Reinsurance
23	Retrospectively Rated Contracts & Contracts Subject to Redetermination
24	Change in Incurred Losses and Loss Adjustment Expenses
25	Intercompany Pooling Arrangements
26	Structured Settlements
27	Health Care Receivables
28	Participating Policies
29	Premium Deficiency Reserves
30	High Deductibles
31	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
32	Asbestos/Environmental Reserves
33	Subscriber Savings Accounts
34	Multiple Peril Crop Insurance
35	Financial Guaranty Insurance

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

   No Significant Changes

2. **Accounting Changes and Corrections of Errors**

   No Significant Changes

3. **Business Combinations and Goodwill**

   Not Applicable

4. **Discontinued Operations**

   Not Applicable

5. **Investments**

   No Significant Changes

6. **Joint Ventures, Partnerships and Limited Liability Companies**

   Not Applicable

7. **Investment Income**

   No Significant Changes

8. **Derivative Instruments**

   Not Applicable

9. **Income Taxes**

   A. The components of the net deferred tax asset recognized are as follows:

	June 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
(1) Total of gross DTA	$ 2,231,187	$ 868,053	$ 3,099,240	$ 2,956,673	$ 790,129	$ 3,746,802
(2) Total of gross DTL	16,152	-	16,152	15,220	117,459	132,679
(3) Net deferred tax asset	$ 2,215,035	$ 868,053	$ 3,083,088	$ 2,941,453	$ 672,670	$ 3,614,123
(4) Deferred tax asset nonadmitted			1,267,674			1,049,698
(5) Net admitted deferred tax asset			$ 1,815,414			$ 2,564,425
(6) Increase (decrease) in nonadmitted asset			$ 217,976			$ (908,259)

   (7). The Company has elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e)for the period ended 6/30/2010.

   (8) The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10 (e):

	June 30, 2010	December 31, 2009	Change
Ordinary	$ 379,640	$ 574,533	$ (194,893)
Capital	-	-	-
Total increase in admitted adjusted gross DTA	$ 379,640	$ 574,533	$ (194,893)

(9). The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii, 10c.:

	June 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within one year (10bi.)	$1,435,774	-	$ 1,435,774	$2,099,636	-	$ 2,099,636
10% of adjusted capital and surplus (10bii.)			$ 2,066,778			$ 1,989,891
Adjusted gross DTAs offset against existing DTLs (10c)	$ 16,152	-	$ 16,152	$ 15,221	117,459	$ 132,680
Risk based capital level used in paragraph 10.d:						
Total adjusted capital			$21,461,190			$21,774,671
Authorized control level			$ 2,827,725			$ 2,827,725

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii(a)., 10eii(b)., 10eiii.:

	June 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within three years (10.e.i.)	$ 1,815,414	-	$ 1,815,414	$ 2,564,424	-	$ 2,564,424
15% of adjusted capital and surplus (10.e.ii.)			$ 3,100,167			$ 2,984,837
Adjusted gross DTAs offset against existing DTLs (10.eiii)	$ 16,152	-	$ 16,152	$ 15,221	117,459	$ 132,680
Risk based capital level used : in paragraph 10.d						
Total adjusted capital			$ 21,461,190			$ 22,349,204
Authorized control level			$ 2,827,725			$ 2,827,725

(10). The following amounts resulting from the calculation in paragraphs 10a., 10b., 10c.:

	June 30, 2010	December 31, 2009
Admitted DTAs	$ 1,435,774	$ 1,989,891
Admitted assets	$70,034,991	$ 72,770,114
Statutory surplus	$21,461,190	$ 21,774,671
Total adjusted capital	$21,461,190	$ 21,774,671

Admitted DTAs, admitted assets and statutory surplus increased by $379,640 resulting from the use of paragraph 10e.

B. The Company recognizes all of its deferred tax liabilities.

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

	6/30/2010	12/31/2009
Federal	$ 19,790	$ 333,142
Foreign	-	-
	$ 19,790	$ 333,142
Federal income tax on net capital gains		-
Utilization of capital loss carryforwards	-	-
Utilization of operating loss carryforwards	-	-
Federal and foreign income taxes incurred	$ 19,790	$ 333,142

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

	6/30/2010	12/31/2009	Change
Deferred tax assets			
Loss reserves	$ 1,074,142	$ 1,144,448	$ (70,306)
Unearned premium reserve	946,592	983,482	(36,890)
Employee benefit plans	123,753	537,154	(413,401)
Stocks, bonds and other investments	108,252	159,987	(51,735)
Premiums receivable	73,127	97,086	(23,959)
Net capital loss carryover	759,801	790,129	(30,328)
Other	13,573	34,516	(20,943)
Total deferred tax assets	$ 3,099,240	$ 3,746,802	$ (647,562)
Nonadmitted deferred tax assets	1,267,674	1,049,698	217,976
Admitted deferred tax assets	$ 1,831,566	$ 2,697,104	$ (865,538)
Deferred tax liabilities			
Stocks, bonds and other investments	12,972	129,525	(116,553)
Other	3,180	3,154	26
Total deferred tax liabilities	$ 16,152	$ 132,679	$ (116,527)
Net admitted deferred tax asset	$ 1,815,414	$ 2,564,425	$ (749,011)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	6/30/2010	12/31/2009	Change
Total deferred tax assets	$ 3,099,240	$ 3,746,802	$ (647,562)
Total deferred tax liabilities	16,152	132,679	(116,527)
Net deferred tax asset (liability)	$ 3,083,088	$ 3,614,123	$ (531,035)
Tax effect of unrealized gains (losses)			51,481
Intercompany DTA transfer			30,949
Change in net deferred income tax			$ (448,605)

Gross deferred tax assets in the admissibility test were adjusted by $438,200 because other-than-temporary impairments totaling $1,252,000 are not expected to be realized in future tax returns.

(3) The Company did not utilize any investment tax credits in the current or proceeding year.

(4) The Company did not utilize any operating loss carryforwards in the current year or proceeding year

(5) There were no adjustments to deferred tax assets or liabilities from enacted changes in tax status, rates or laws in the current or proceeding year.

(6) There were no adjustment to deferred tax assets due to change in circumstances about the realize ability of these assets.

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing differences are as follows:

	Amount	Tax Effect	Rate
Pre tax income	$ 455,283	$ 159,349	35%
Dividends received deduction (net of proration)	(32,770)	(11,469)	-3%
Other permanent differences	13,250	4,637	1%
Nonadmitted premiums receivable	68,455	23,959	5%
Other assets nonadmitted	834,054	291,919	64%
Other	-	-	0%
Total	$ 1,338,272	$ 468,395	103%
Federal and foreign income taxes incurred	56,543	19,790	4%
Change in net deferred income taxes	1,281,729	448,605	99%
Total statutory income taxes	$ 1,338,272	$ 468,395	103%

E. 1. At June 30, 2010, the Company had an estimated $2,170,860 of net capital loss carryforwards, which would expire in 2013 and 2014, available to offset future net capital gains.

At June 30, 2010, the Company had $0 of net operating loss carry forwards.

2. The Company did not incur federal income taxes in the current year or any preceding year that would be available for recoupment in the event of future net losses.

3. At June 30, 2010, the Company had no deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. 1. The Company's federal income tax information is included in the consolidated federal income tax return of QBE Investments (North America), Inc. The companies included in the filing of the consolidated federal income tax return are as follows:

QBE Investments (North America), Inc.
QBE Holdings, Inc.
QBE Management, Inc.
QBE Reinsurance Corporation
QBE Insurance Corporation
QBE Specialty Insurance Company
National Farmers Union Property and Casualty Company
United Security Insurance Company
QBE Regional Companies (N.A.), Inc.
General Casualty Company of Wisconsin
General Casualty Insurance Company
Regent Insurance Company
Hoosier Insurance Company
Blue Ridge Insurance Company
Blue Ridge Indemnity Company
Southern Guaranty Insurance Company
Southern Pilot Insurance Company
Southern Fire & Casualty Company
Unigard Insurance Company
Unigard Indemnity Company
Praetorian Insurance Company
Burnett Holdings, Inc.
Burnett & Company, Inc.
Burnett Insurance Management Services, Inc.
BCO Insurance Agency of Texas, Inc.
BCO Surplus Lines, Inc.-Texas
Stahl Intermediaries, Inc.
North Pointe Financial Services, Inc
North Pointe Casualty Insurance Company
North Pointe Insurance Company
Davis Garvin Agency, Inc.
Capital City Insurance Company, Inc.
QBE U.S. Agencies, Inc.
Deep South Surplus, Inc.
Deep South of California, Inc.
Southern National Risk Management, Inc.
S.I.U., LLC
Community Association Underwriters of America Inc.
Sterling National Corporation
Sterling National Insurance Agency, Inc.
Sterling Property Tax Solutions, Inc.
Affinity Insurance Services, Inc.
SLG Benefits and Insurance, LLC
Westwood Insurance Agency
QBE Americas, Inc.

2. Effective January 1, 2008, QBE Regional and Subsidiaries entered into a tax sharing agreement with QBE Investments (North America), Inc. which replaced and made null all previous tax sharing agreements. Pursuant to this agreement, the group allocates tax among its members specifically on the basis of the tax allocation method provided in Section 1552(a)(2) of the Internal Revenue Code. Net operating loss and capital loss carryovers of the members shall be taken into account only to the extent such items were generated in a consolidated return year to which this agreement or the previous QBE Investments (North America), Inc. agreement applied. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective January 1, 2010, QBE Americas, Inc. (QBEAI), began operations to provide a variety of administrative services for the Company and certain United States based affiliates. All employees of certain U.S affiliates, excluding employees based in the State of Washington and certain claim adjusters, became employees of QBEAI resulting in associated liabilities associated with employees benefit plans transferring at fair market values to QBEAI. In addition, associated electronic hardware, software, furniture and equipment used by these employees were sold to QBEAI at book value which approximated fair market value.

11. Debt

Not Applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not Applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No Significant Changes

14. Contingencies

No Significant Changes

15. Leases

Not Applicable

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

Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

C. Wash Sales

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

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

Not Applicable

20. Other Items

No Significant Changes

21. Events Subsequent

No Significant Changes

22. Reinsurance

No Significant Changes

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Change in Incurred Losses and Loss Adjustment Expenses

No Significant Changes

25. Intercompany Pooling Arrangements

The Company is a participant in the Ninth Restatement Reinsurance Agreement, effective January 1, 2010 (Pooling Agreement). The Pooling Agreement includes other affiliated companies

Participating Companies	NAIC Co Code	Pool %
• General Casualty Company of Wisconsin (GCW)**	24414	26.6%
• Regent Insurance Company (RGT)	24449	8.7%
• General Casualty Insurance Company (GCI)	18821	6.4%
• Hoosier Insurance Company (HIC)	27570	3.9%
• Blue Ridge Insurance Company (BRIC)	24503	1.5%
• Blue Ridge Indemnity Company (BRIN)	40754	1.0%
• National Farmers Union Property and Casualty Company (NFU)	16217	12.6%
• United Security Insurance Company (USIC)	21776	0.7%
• Southern Guaranty Insurance Company (SGIC)	19178	8.8%
• Southern Pilot Insurance Company (SPIC)	22861	1.7%
• Southern Fire and Casualty Company (SFACC)	22888	1.0%
• Unigard Insurance Company (UIC)	25747	24.2%
• Unigard Indemnity Company (UID)	25798	2.9%

**Lead company

All lines and types of insurance business of the companies are subject to the pooling agreement.

GCW, UIC and NFU cede a portion of their business to various non-affiliated reinsurers on a facultative basis and a portion of their business to affiliated and non-affiliated reinsurers for excess of loss and catastrophe coverage. These placements made by GCW are subsequent to the assumption of pooled business from subsidiaries. These placements made by UIC and NFU are prior to the cession to GCW under the pooling agreement.

26. Structured Settlements

No Significant Changes

27. Health Care Receivables

Not Applicable

28. Participating Policies

No Significant Changes

29. Premium Deficiency Reserves

Not Applicable

30. High Deductibles

Not Applicable

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No Significant Changes

32. Asbestos/Environmental Reserves

No Significant Changes

33. Subscriber Savings Accounts

Not Applicable

34. Multiple Peril Crop Insurance

Not Applicable

35. Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No [ ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [X] No [ ]

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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

4.2 If yes, provide name of 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 Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] N/A [X]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007.....

6.2 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. 12/31/2007.....

6.3 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). 4/10/2009.....

6.4 By what department or departments?
State of Washington, Office of Insurance Commissioner

6.5 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 [ ]

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

7.1 Has this 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]

7.2 If yes, give full information:

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 the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

9.1 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.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
The Company's Code of Conduct was updated in March 2010. A statement was added which notes each employee's responsibility for identifying, mitigating and reporting risks that put company assets, business or reputation in jeopardy

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .....

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

13. Amount of real estate and mortgages held in short-term investments: $.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 0	$ 0
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 0	$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Citibank	3800 Citibank Center, Building B, 2nd Floor, Tampa, FL 33610

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address
	Minster Court Asset Management Pty Limited	82 Pitt Street, Sydney, Australia

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

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [X] No [ ] N/A [ ]
   If yes, attach an explanation.
   See Note 25

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]
   If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]
3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [ ] No [X]
4.2 If yes, complete the following schedule:

1	2	3	Total Discount				Discount Taken During Period			
			4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Disc. Rate	Unpaid Losses	Unpaid LAE	IBNR	Total	Unpaid Losses	Unpaid LAE	IBNR	Total
						0				0
Total	XXX	XXX	0	0	0	0	0	0	0	0

5. Operating Percentages:
   5.1 A&H loss percent 0.0 %
   5.2 A&H cost containment percent 0.0 %
   5.3 A&H expense percent excluding cost containment expenses 0.0 %
6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]
6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0
6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]
6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (YES or NO)
All Other Insurers				
	AA-3190906	Aeolus Re Ltd.	Bermuda	NO
	AA-3190871	Lancashire Insurance Company Ltd.	Bermuda	NO
	AA-1120085	Lloyds Syndicate 4141	United Kingdom	YES
	AA-1126004	Lloyds Syndicate 4444	United Kingdom	YES
	AA-3190972	Sirius International Insurance Corp.	Bermuda	NO
	AA-1440076	Torus Insurance (Bermuda) Limited	Bermuda	NO

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written 2 Current Year to Date	3 Prior Year to Date	Direct Losses Paid (Deducting Salvage) 4 Current Year to Date	5 Prior Year to Date	Direct Losses Unpaid 6 Current Year to Date	7 Prior Year to Date
1. Alabama AL	N					150,715	49,319
2. Alaska AK	N			50	800	6,762	7,657
3. Arizona AZ	L	175,060	221,031	76,927	67,570	106,416	91,457
4. Arkansas AR	N						
5. California CA	L	4,612,100	5,707,520	3,701,434	2,190,718	5,771,047	5,245,365
6. Colorado CO	L						
7. Connecticut CT	N						
8. Delaware DE	N						
9. District of Columbia DC	N						
10. Florida FL	N						
11. Georgia GA	N					15,089	17,029
12. Hawaii HI	N						
13. Idaho ID	L	798,288	797,285	274,186	1,182,446	475,438	650,817
14. Illinois IL	L						
15. Indiana IN	N						
16. Iowa IA	N						
17. Kansas KS	N						
18. Kentucky KY	N						
19. Louisiana LA	N						
20. Maine ME	N						
21. Maryland MD	N						
22. Massachusetts MA	N						
23. Michigan MI	N						
24. Minnesota MN	N						
25. Mississippi MS	N						
26. Missouri MO	N						
27. Montana MT	L	212,943	170,482	60,578	64,532	117,436	31,017
28. Nebraska NE	N						
29. Nevada NV	L						
30. New Hampshire NH	N						
31. New Jersey NJ	N						
32. New Mexico NM	N						
33. New York NY	L			16,918	2,708	119,637	188,516
34. North Carolina NC	L			1,353	1,619	169,649	294,991
35. North Dakota ND	N						
36. Ohio OH	L						
37. Oklahoma OK	N						
38. Oregon OR	L	1,321,071	1,388,247	282,656	1,172,827	711,137	1,157,577
39. Pennsylvania PA	N						
40. Rhode Island RI	N						
41. South Carolina SC	N						
42. South Dakota SD	N						
43. Tennessee TN	L						
44. Texas TX	N						
45. Utah UT	L	613,502	639,609	202,173	260,955	421,445	366,879
46. Vermont VT	N						
47. Virginia VA	N						
48. Washington WA	L	4,674,156	5,011,523	2,644,024	3,307,761	5,993,050	5,445,468
49. West Virginia WV	N						
50. Wisconsin WI	L						
51. Wyoming WY	N						
52. American Samoa AS	N						
53. Guam GU	N						
54. Puerto Rico PR	N						
55. US Virgin Islands VI	N						
56. Northern Mariana Islands MP	N						
57. Canada CN	N						
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59. Totals	(a) 15	12,407,120	13,935,697	7,260,299	8,251,936	14,056,819	13,546,092

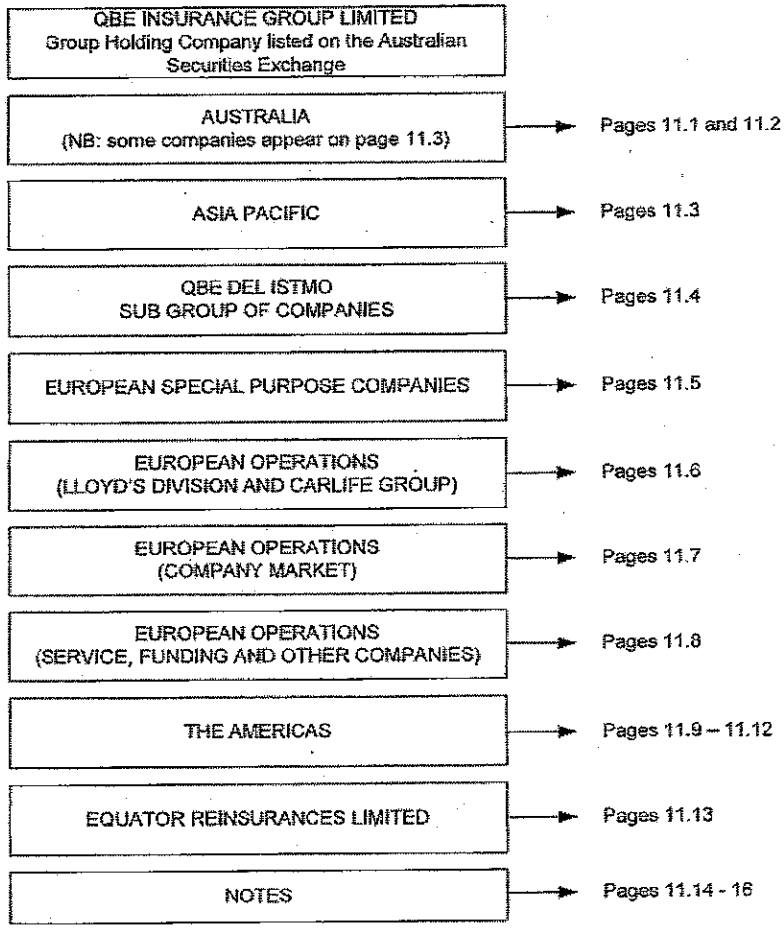
DETAILS OF WRITE-INS

5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0

(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.

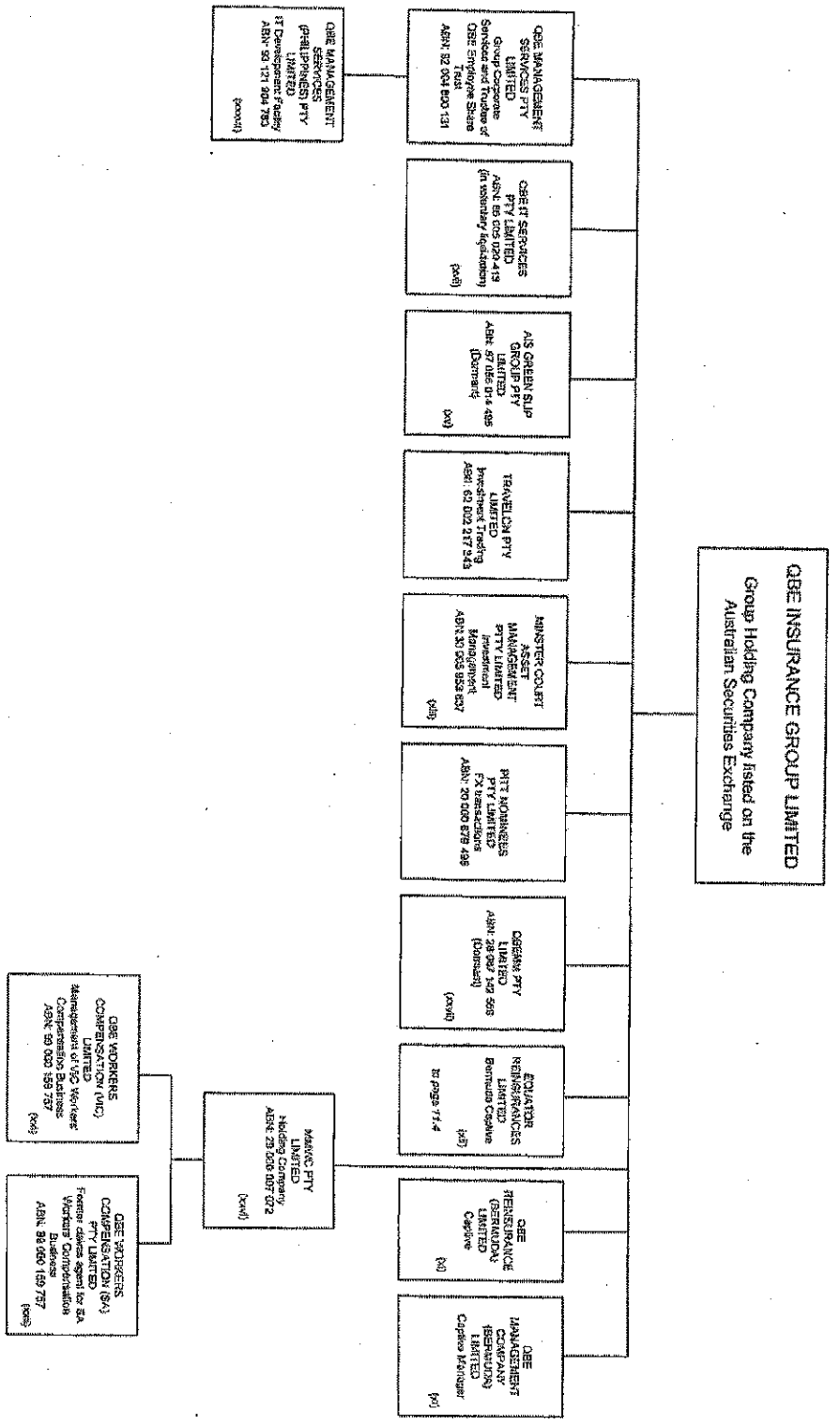
(a) Insert the number of L responses except for Canada and Other Alien.

GROUP AND REGIONAL STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES



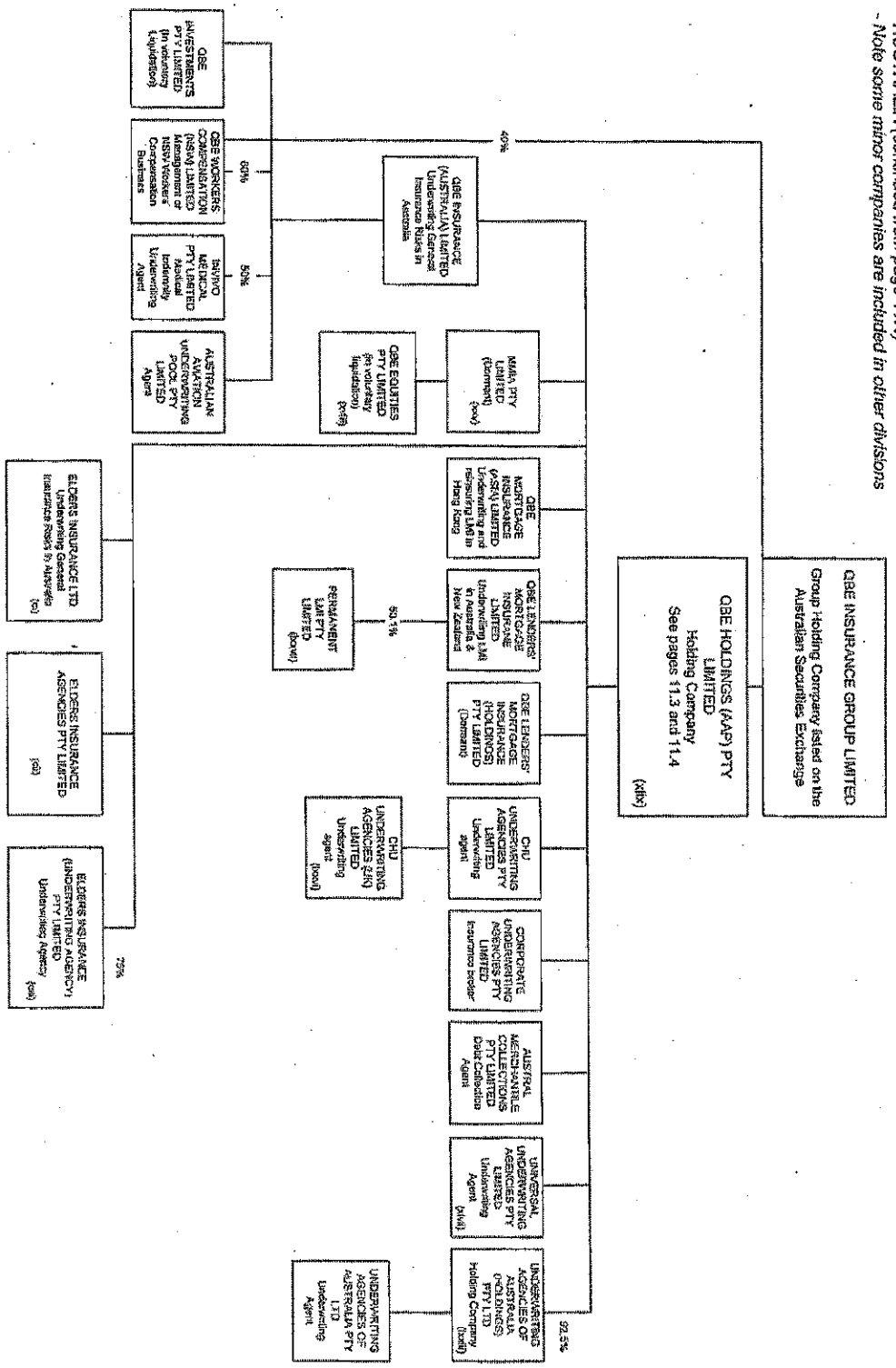
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- AUSTRALIA (continued on page 11.2)
- Note some minor companies are included in other divisions



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

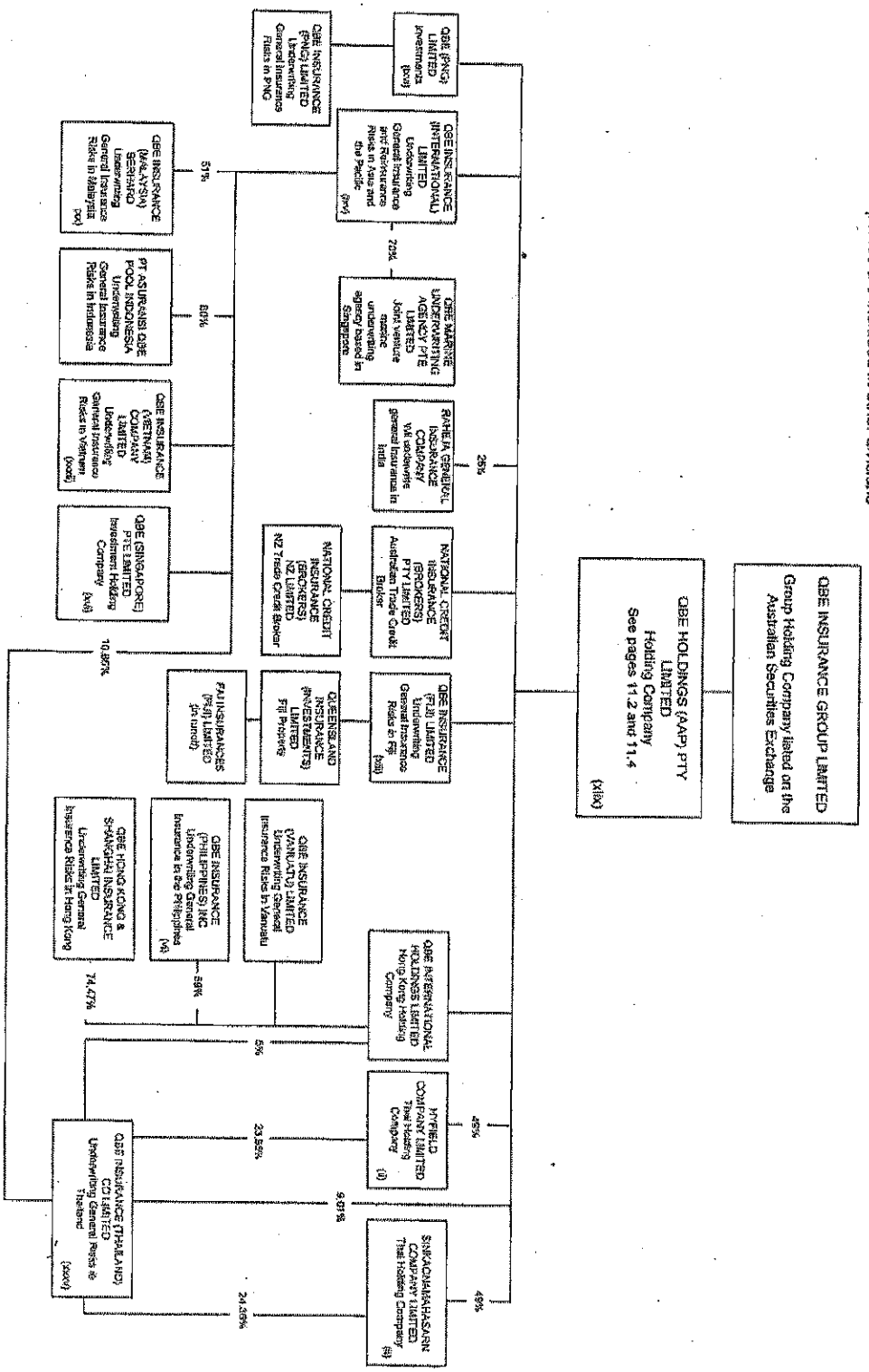
- AUSTRALIA (continued from page 11.1)
- Note some minor companies are included in other divisions



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

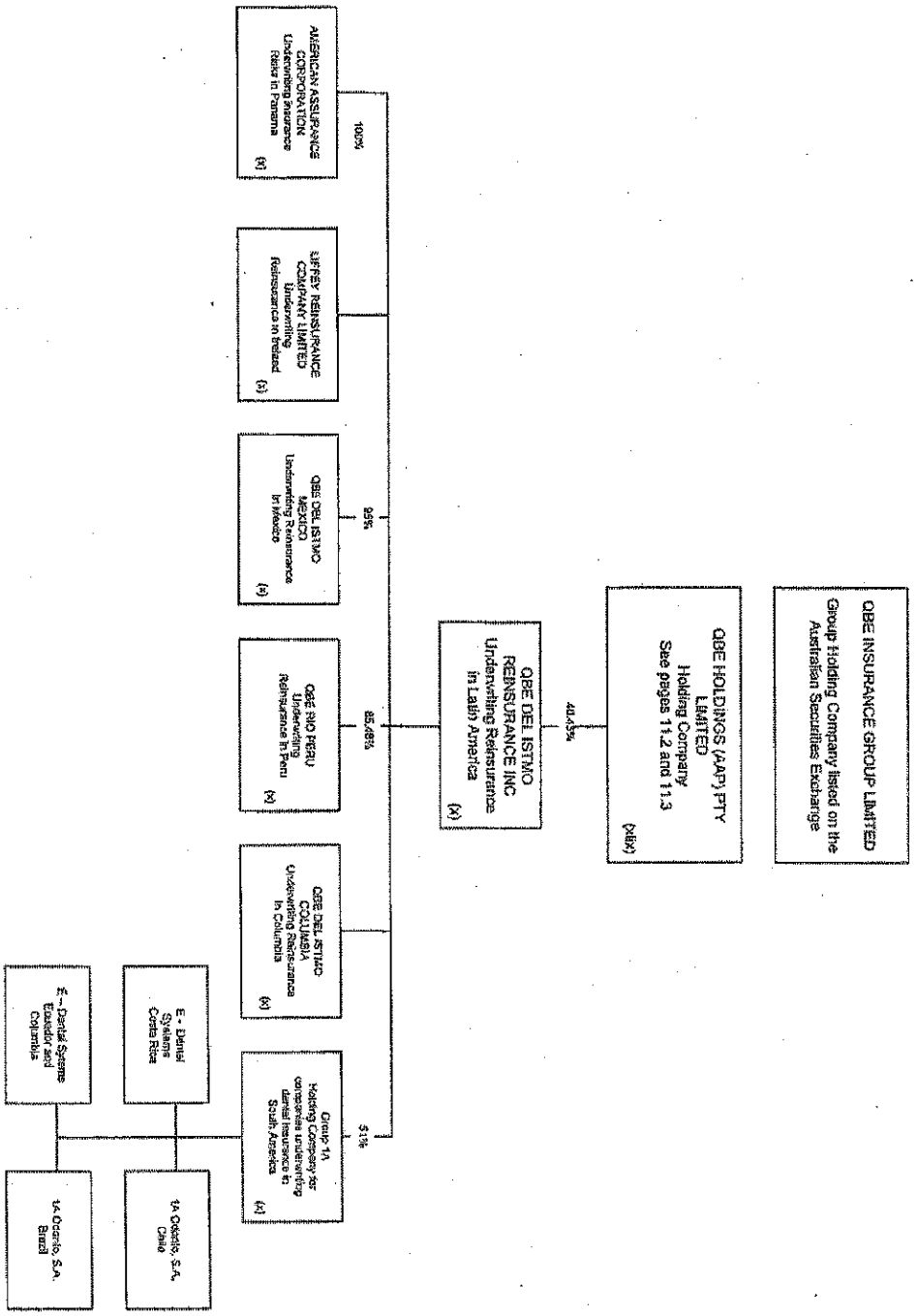
- ASIA PACIFIC

- Note some minor companies are included in other divisions



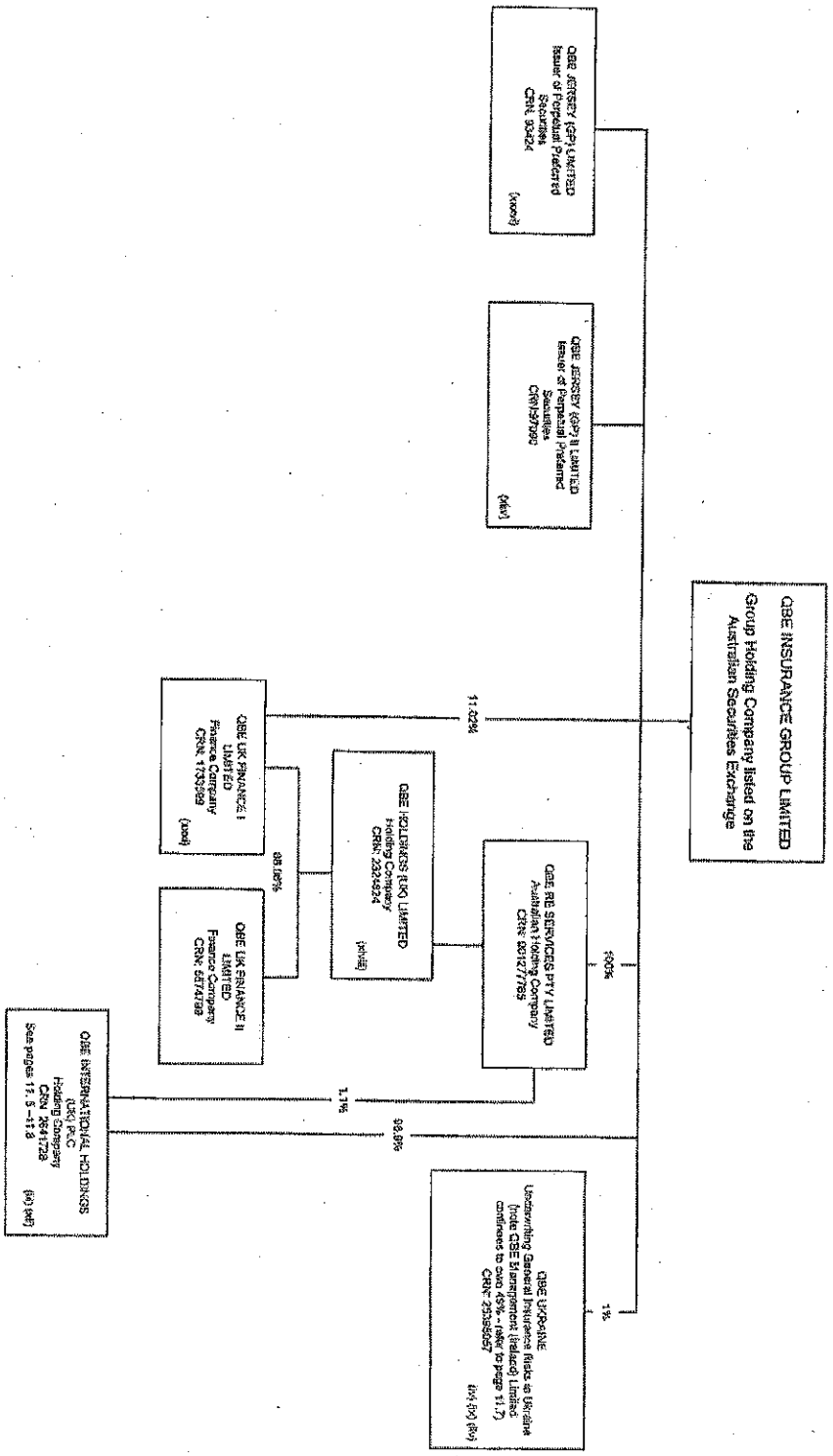
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- *QBE DEL ISTMO – SUB GROUP OF COMPANIES*



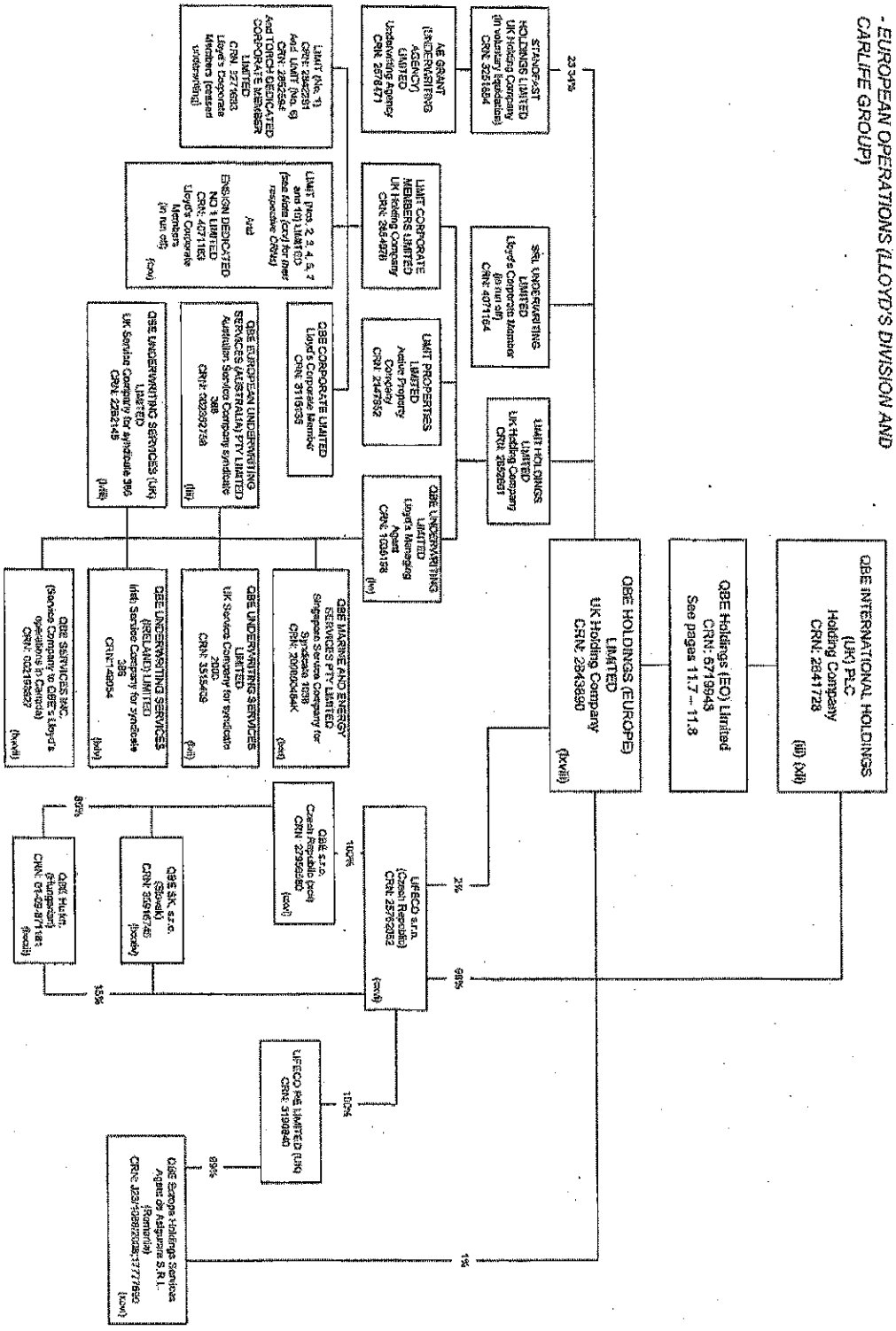
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN SPECIAL PURPOSE COMPANIES



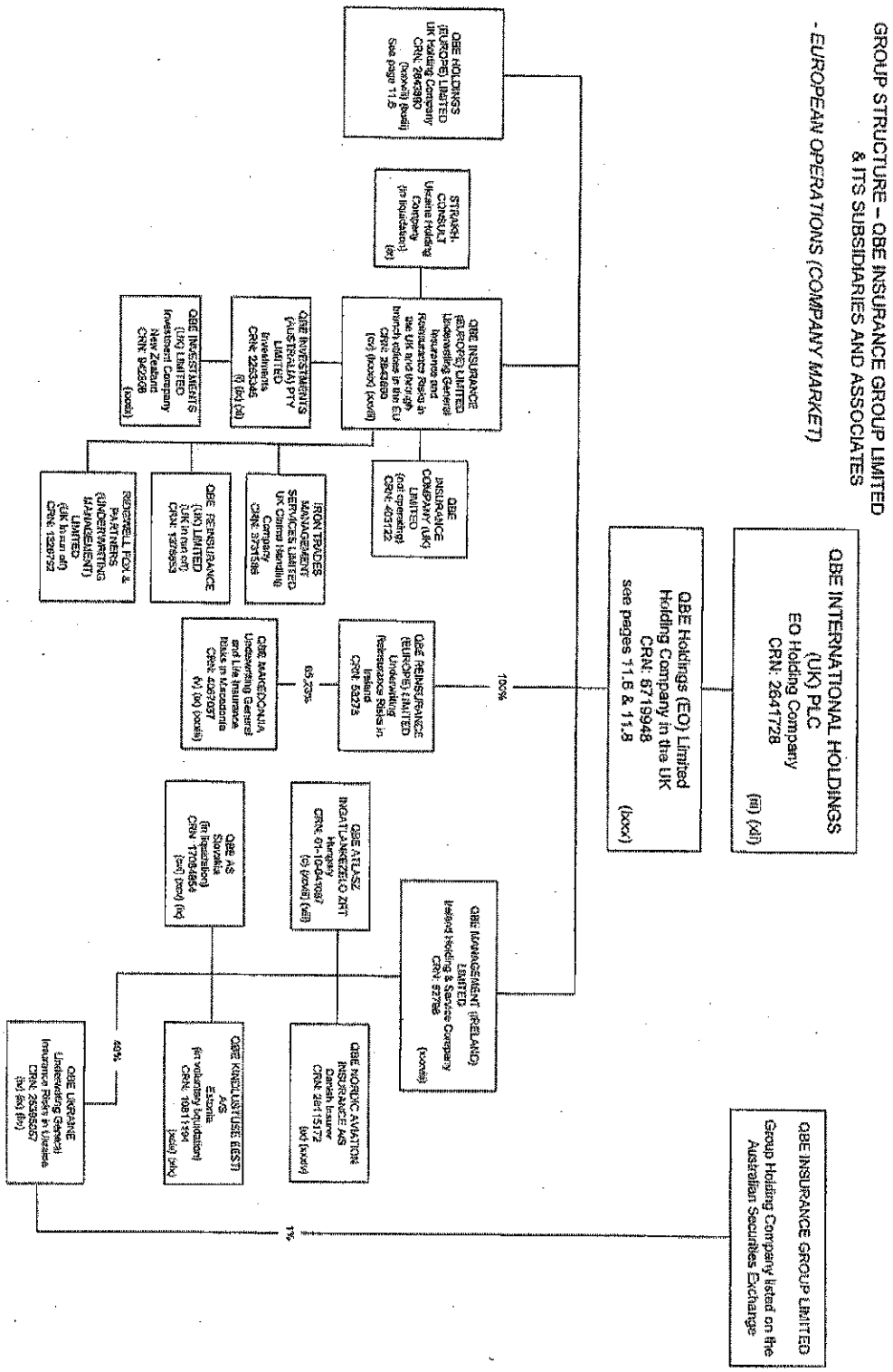
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (LLOYD'S DIVISION AND CARLIFE GROUP)



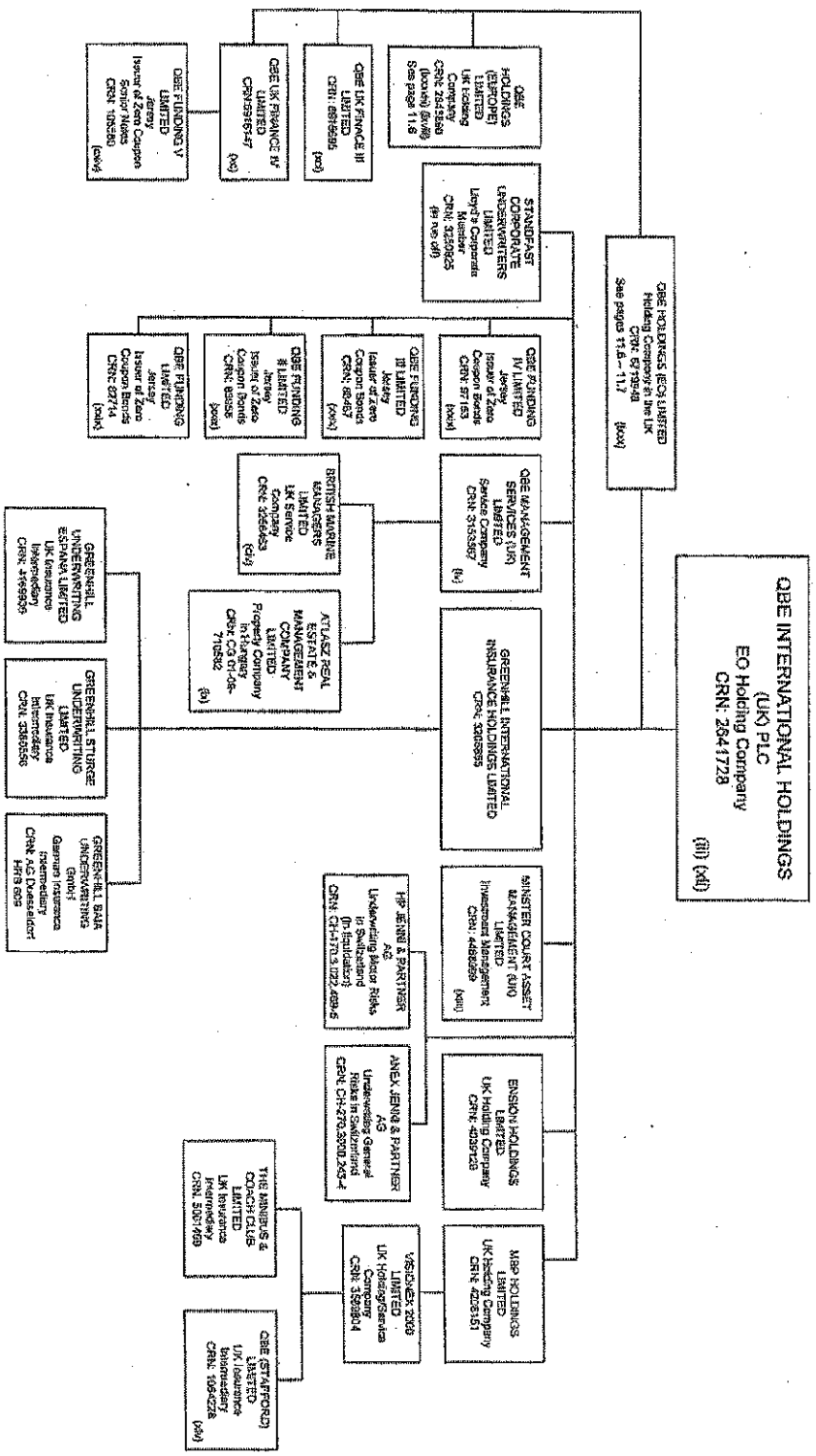
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

- *EUROPEAN OPERATIONS (COMPANY MARKET)*



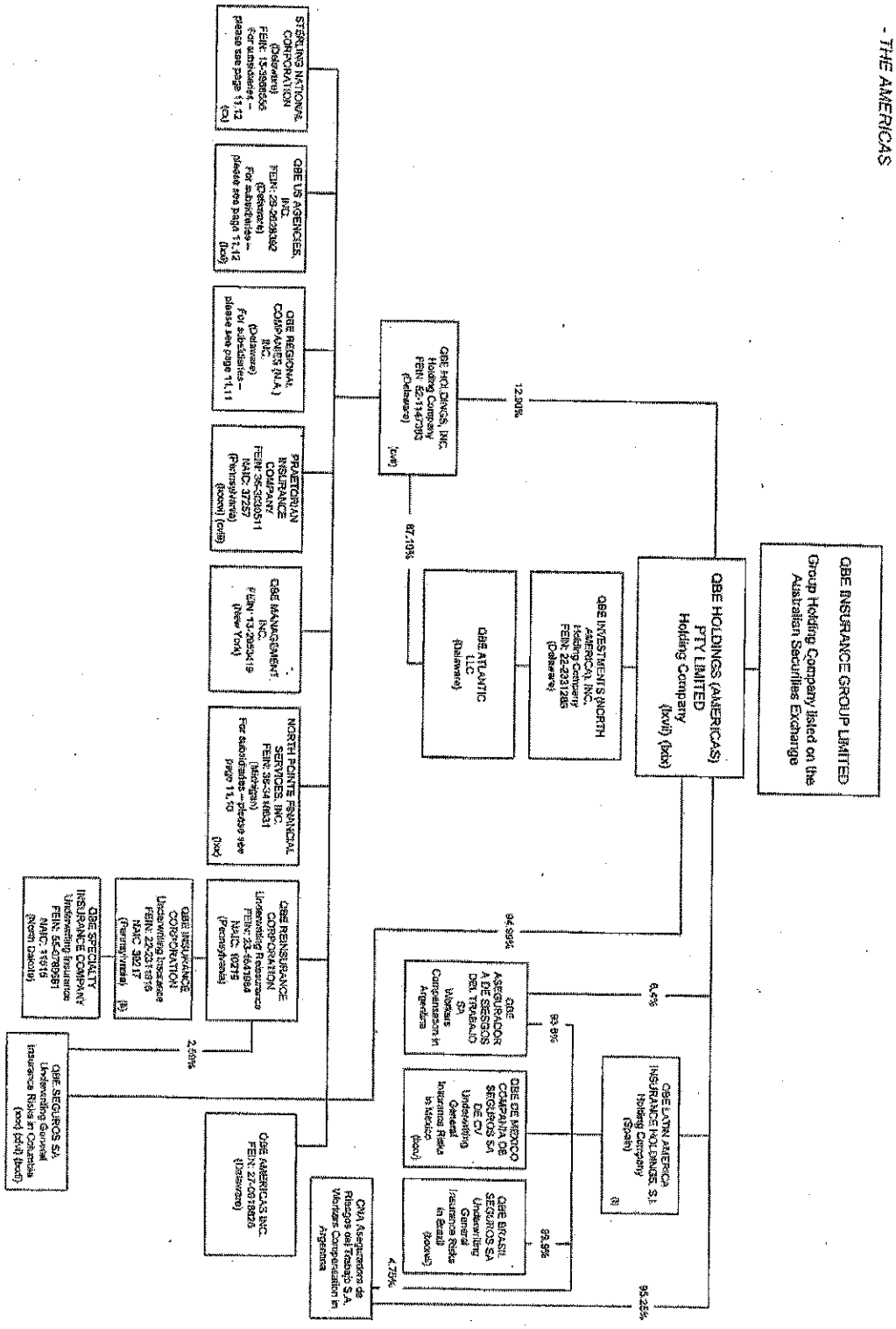
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (SERVICE, FUNDING AND OTHER COMPANIES)



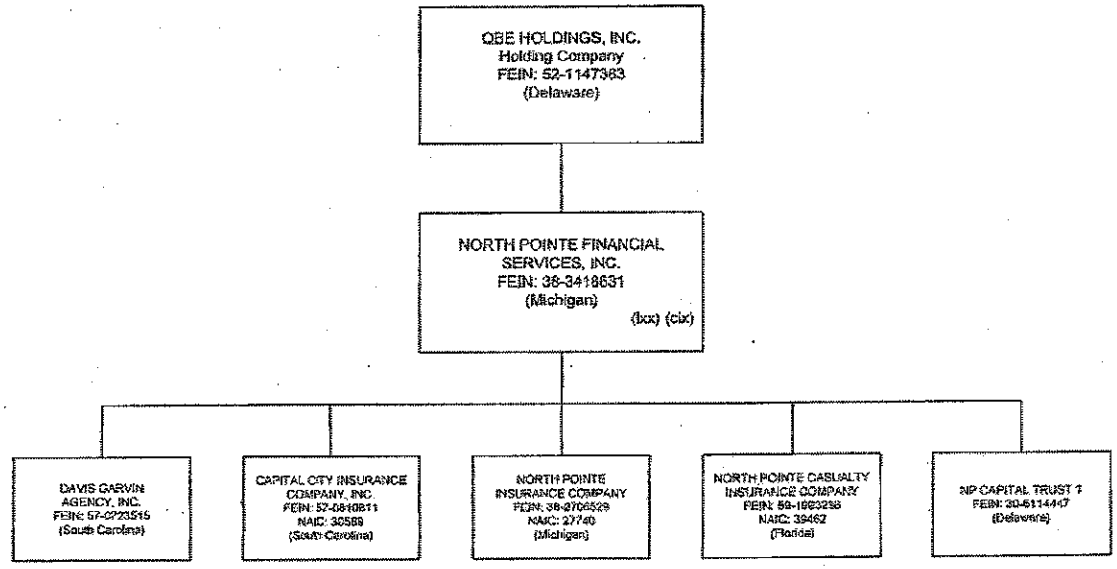
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- *THE AMERICAS*



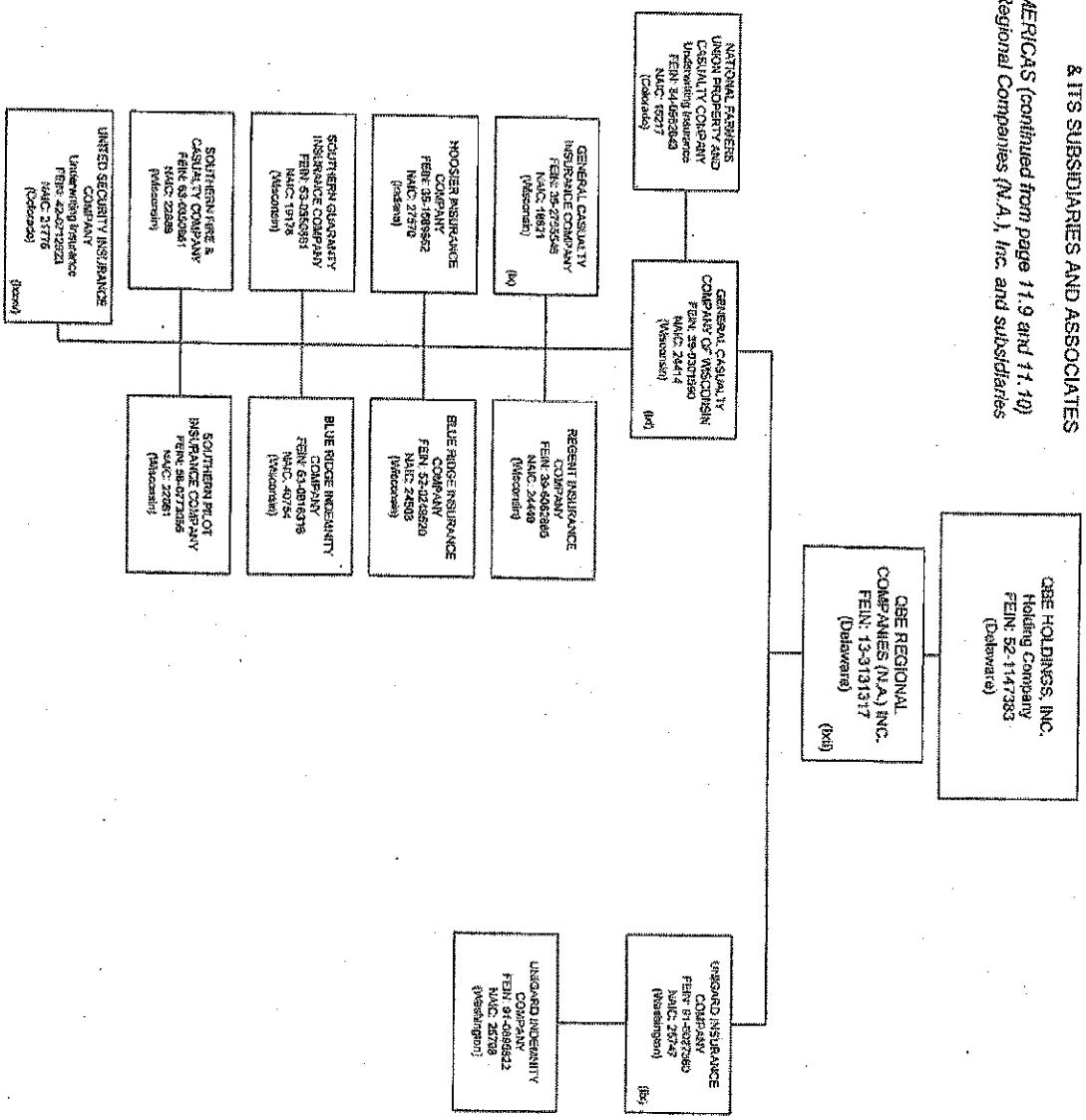
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9)
North Pointe subsidiaries of QBE Holdings, Inc.



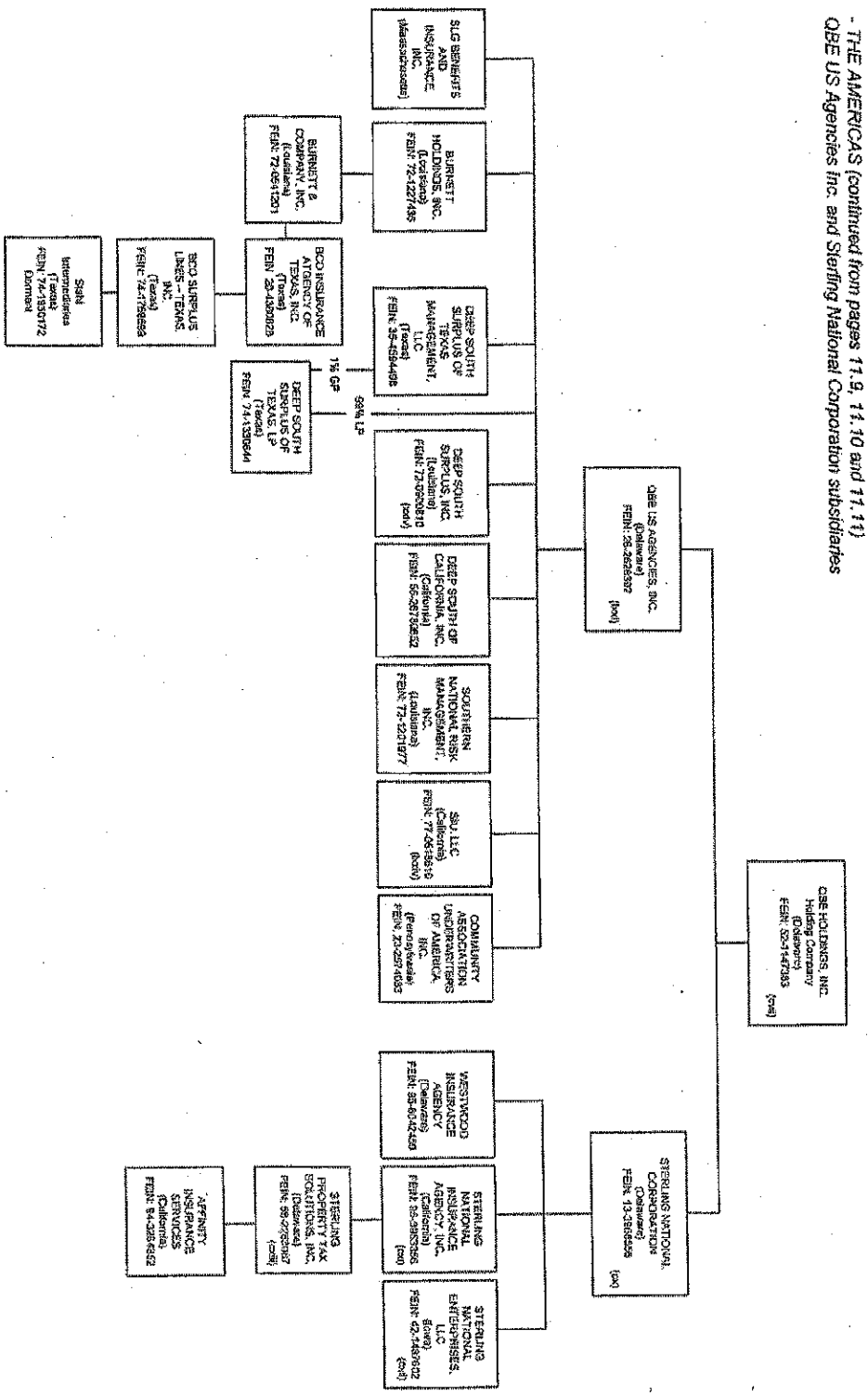
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9 and 11.10)
QBE Regional Companies (N.A.), Inc. and subsidiaries



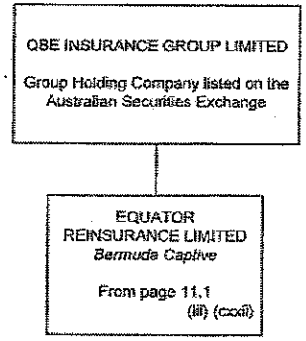
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 11.9, 11.10 and 11.11)
QBE US Agencies Inc. and Sterling National Corporation subsidiaries



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EQUATOR REINSURANCES



Notes to be read in conjunction with the QBE Group and Regional Structures (continued next page)

(i) - Access shares held by QBE Insurance Group Limited
(ii) - Unrelated Thai company (Bom to Win Company Ltd) and its associates own 51% of shares.
(iii) - Preference shares held by QBE UK Finance II Limited
(iv) - Total Group Holdings = 50%
(v) - QBE has 73.5% of the voting rights with its shareholding
(vi) - 59% held directly; 16% held by a Filipino law firm
(vii) - Part of European Operations. Company changed name to QBE Atlasz Biztosito ZRT (30 September 2005), then to Stefania Biztositó Zrt (1 January 2009) and then to QBE Atlasz Ingatlankezelo Zrt (4 August 2009)
(ix) - Part of European Operations
(x) - Part of the Americas – sub-group includes QBE Del Istmo Mexico (65%), QBE Rio Peru (80%), QBE Del Itsmo Columbia (100%), American Assurance Corp. (100%), Group 1A (51%) and Seguros Carabobo SA Venezuela (15%) was previously part of this American sub-group until sold in 2005 to "Econoinvest" (a Venezuelan company).
(xi) - Part of the Americas
(xii) - Managed in Dublin as a separate division
(xiii) - Formerly Queensland Insurance (Fiji) Limited (29 April 2004)
(xiv) - Formerly Tolson Messenger Limited (2004)
(xv) - Formerly Australian Aviation Insurance Group (Agency) PTY Ltd (1 July 2004)
(xvi) - Formerly Zurich Insurance (Singapore) Pte Ltd (14 April 2005)
(xvii) - Formerly Insure IT Services Pty Ltd (05 November 2004)
(xviii) - Acquired the balance of Concord Agency Companies in July 2006 other than Underwriting Marketing Services Pty Limited
(xix) - Changed its name to QBE Kindlustuse Eesti AS on 20 April 2005 – acquired 7 April 2006
(xx) - Formerly QBE-MBF Insurance Berhad (31 December 2004)
(xxi) - Formerly Mercantile Mutual WorkSure Limited (14 February 2005)
(xxii) - Formerly Mercantile Mutual Insurance (SA Workers Compensation) Limited (14 February 2005)
(xxiii) - Formerly Mercantile Equities Pty Limited (8 March 2005)
(xxiv) - The following have merged with Deep South Surplus, Inc. (Louisiana): on 14 May 2009 – DSS of Georgia, Inc., DSS of Tennessee, Inc., DSS of Colorado, Inc., DSS of Ohio, Inc., DSS of Florida, Inc. and DS Connecticut, Inc.; on 26 May 2009 DSS of New Mexico, Inc.; on 22 September 2009, DSS of Arkansas, Inc.; and on 23 September 2009, DS of Oklahoma, Inc.
(xxv) - Formerly Mercantile Mutual Insurance (Australia) Limited (15 April 2005)
(xxvi) - Formerly Mercantile Mutual Insurance (Workers Compensation) Limited (15 April 2005)
(xxvii) - Formerly QBE Mercantile Mutual Limited (5 May 2005)
(xxviii) - Formerly QBE International Insurance Limited (30 September 2005)
(xxix) - SPVs utilised in LYONs and SCS transactions through, respectively, QBE Funding Trust (LYONs), QBE Funding Trust II (LYONs II), QBE Funding Trust III (SCS aka LYONs III) and QBE Funding Trust IV (LYONs IV)
(xxx) - Compania Central de Seguros de Vida SA, former subsidiary, was merged into Compania Central de Seguros SA on 30 November 2005
(xxxi) - Formerly Sandsale Limited (30 November 2005)
(xxxii) - Sale of 50% interest in separate legal entity, BIDV-QBE Insurance Company occurred simultaneously with this acquisition. Previously Allianz General Insurance (Vietnam) Co. Ltd. completed 1 Jan 2006
(xxxiii) - Formerly owned by QBE Insurance (Europe) Limited
(xxxiv) - Formerly Nordic Aviation Insurance A/S – completion occurred 30 March 2006
(xxxv) - Born to Win Company Ltd holds 19.25% directly
(xxxvi) - SPV utilised in Perpetual Preferred Securities issue through QBE Capital Funding LP
(xxxvii) - QBE Management Services (Philippines) Pty Ltd incorporated in NSW (25 September 2006)
(xxxviii) - Universal Management Limited changed its name to QBE Management (Ireland) Limited on 3 October 2006
(xxxix) - QBE Workable Limited changed its name to QBE Investments (UK) Limited on 20 December 2006
(xl) - Queensland Insurance (Australia) Pty Limited changed its name to QBE Investments (Australia) Pty Limited on 5 January 2007
(xli) - QBE Re Services Pty Ltd owns one ordinary share
(xlii) - QBE Finance Pty Limited changed its name to Minster Court Asset Management Pty Ltd on 2 February 2007
(xliii) - Minster Court Asset Management Limited changed its name to Minster Court Asset Management (UK) Limited on 19 February 2007
(xliv) - SPV utilised in April 2007 Perpetual Preferred Securities issue through QBE Capital Funding LP II
(xlv) - Minibus Plus Ltd changed its name to QBE (Stafford) Ltd on 9 July 2007
(xlvi) - Compania Central de Seguros changed its name to QBE Seguros SA on 31 March 2007
(xlvii) - Universal Underwriting Agencies Pty Limited acquired 31 August 2007
(xlviii) - QBE Holdings (UK) Limited now owns one ordinary share on 4 September 2007

Note: all shareholdings are 100% unless specified

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xlix) - QBE International (Investments) Pty Limited changed its name to QBE Holdings (AAP) Pty Limited on 12 September 2007
(l) - QBE Latin America Insurance Holdings, S.L. capitalised on 21 September 2007
(li) - QBE Insurance Corporation (the Americas) purchased the entire issued share capital of Cumbre Seguros de Mexico, S.A. de C.V. on 1 November 2007
(lii) - British Marine Holdings Limited changed its name to Equator Re (Australia) Limited on 14 November 2007
(liii) - DA Constable Syndicate Pty Limited changed its name to QBE European Underwriting Services Australia Pty Limited on 22 November 2007
(liv) - QBE – UGPB changed its name to QBE UKRAINE on 23 November 2007
(lv) - QBE Management (UK) Limited changed its name to QBE Management Services (UK) Limited on 31 December 2007
(lvi) - Limit Underwriting Limited changed its name to QBE Underwriting Limited on 31 December 2007
(lvii) - Limit Technology and Commercial Underwriting Limited changed its name to QBE Underwriting Services Limited on 31 December 2007
(lviii) - DA Constable Syndicate Limited changed its name to QBE Underwriting Services (UK) Limited on 31 December 2007
(lix) - Unigard Pacific Insurance Company merged into Unigard Insurance Company on 31 December 2007
(lx) - General Casualty Company of Illinois redomiciled to Wisconsin and changed its name to General Casualty Insurance Company on 31 December 2007
(lxi) - Masswest Insurance Company merged into General Casualty Company of Wisconsin on 31 December 2007
(lxii) - Unigard Inc. QBE US Investment Management Corp., Republic Financial Services, Inc. (NV), Republic Financial Services, Inc. (TX), and QBE North American Management, Inc. merged into QBE Regional Companies (N.A.) Inc. on 31 December 2007
(lxiii) - QBE Marine and Energy Services PTE Limited incorporated in Singapore on 7 January 2008
(lxiv) - DA constable Syndicate (Ireland) Limited changed its name to QBE Underwriting Services (Ireland) Limited on 16 January 2008
(lxv) - Countries of operation include French Polynesia, Macau, New Caledonia, New Zealand, Singapore and Solomon Islands
(lxvi) - Ownership transferred from QBE Insurance Group Limited to QBE Holdings (AAP) Pty Limited on 13 March 2008
(lxvii) - 100% shareholding in then named QBE Australia Pty Limited was transferred from QBE Re Services Pty Limited to QBE Insurance Group Limited on 25 March 2008
(lxviii) - Limit PLC changed its name to QBE Holdings (Europe) Limited and was re-registered as a private company on 7 April 2008
(lxix) - QBE Australia Pty Limited changed its name to QBE Holdings (Americas) Pty Limited on 23 April 2008
(lxx) - North Pointe Holdings Corporation merged into North Pointe Financial Services, Inc. effective 1 October 2009
(lxxi) - QBE US Agencies Inc. incorporated on 16 April 2008, acquired Deep South companies on 2 June 2008
(lxxii) - 94.99% shareholding in QBE Seguros SA transferred to QBE Latin America Insurance Holdings, S.L. on 30 June 2008 – the remaining 2.34% owned by many minority shareholders.
(lxxiii) - 90% of Sanderson Insurance Brokers Pty Limited (SIB) acquired on 1 July 2008 together with its wholly owned subsidiary, Underwriting Agencies of Australia Pty Limited. SIB changed its name to Underwriting Agencies of Australia (Holdings) Pty Ltd on 28 January 2009
(lxxiv) - QBE US Agencies acquried SIU, LLC on 1 July 2008
(lxxv) - Cumbre Compania de Seguros SA de CV changed its name to QBE de Mexico Compania de Seguros SA de CV on 5 August 2008
(lxxvi) - CHU Underwriting Agencies (UK) Ltd was incorporated on 27 August 2008
(lxxvii) - Permanent is a joint venture between QBE Lenders' Mortgage Insurance Limited ("QBE LMI") and Heritage Building Society ("Heritage") of which QBE LMI owns 50.1% and Heritage owns 49.9%. The joint venture operates in substance as a distribution vehicle through Heritage.
(lxxviii) - Incorporated on 1 January 2009
(lxxix) - Transfer effective 31 December 2008
(lxxx) - Incorporated under name of Hackremco (No. 2584) Limited on 9 October 08 and changed name to QBE Holdings (EO) Limited on 11 November 2008
(lxxxi) - QBE Pacific Insurance Limited was amalgamated with QBE Insurance (PNG) Limited on 1 December 2008 to become one entity named QBE Insurance (PNG) Limited
(lxxxii) - Carlife kft changed name to QBE Hu kft on 19 March 2009
(lxxxiii) - Carlife PMP s.r.o. and Creditlife CZ s.r.o. merged into Carlife Direct s.r.o. on 19 March 2009
(lxxxiv) - Carlife SK, s.r.o. changed name to QBE SK, s.r.o. on 10 March 2009
(lxxxv) - Effective 1 January 2009 the company is a subsidiary of General Casualty Company of Wisconsin. This was done via an extraordinary dividend by National Farmers Union Property and Casualty Company
(lxxxvi) - Praetorian Specialty Insurance Company, i.e. a prior subsidiary of Praetorian Insurance Company was sold as of 17 February 2009. Praetorian Insurance Company redomiciled to Pennsylvania effective 29 July 2009
(lxxxvii) - The 0.01% (1 share) is owned by Alessandro Jarzymski (CEO of QBE Brazil)
(lxxxviii) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd on 3 July 2009
(lxxxix) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd 3 July 2009
(xc) - Incorporated on 27 May 2009
(xci) - Incorporated on 27 May 2009
(xcii) - Carlife Direct s.r.o. changed its name to QBE s.r.o. on 7 April 2009
(xciii) - Business transferred to QBE Insurance (Europe) Ltd Hungary Branch on 1 October 2008
(xciv) - Business transferred to QBE Insurance (Europe) Ltd Estonia Branch on 1 November 2008
(xcv) - QBE Polstovna, a.s. changed its name to QBE, a.s. on 5 May 2008
(xcvi) - Carlife SRL changed its name to QBE Europe Holdings Agent de Asigurare S.R.L. on 18 May 2009
(xcvii) - Carlife Sp. Z.o.o. changed its name to QBE PL Sp. Z.o.o. on 9 March 2009

Notes to be read in conjunction with the QBE Group and Regional Structures (continued from previous page)

(xcviii) - Name changed from Stefania Biztosito Zrt to QBE Atlasz Ingatlankezelo Zrt on 4 August 2009
(xcix) - The following companies have dissolved: QBE Corporate Holdings Limited – 2 August 2009; QBE Corporate Capital Holdings plc – 2 August 2009; Energy Insurance Services Limited – 5 August 2009; Icon Schemes Limited – 5 August 2009
(c) - Atlasz Ueu Krt was de-registered on 3 August 2009
(ci) - Acquired 30 September 2009
(cii) - Acquired 30 September 2009
(ciii) - Incorporated 14 August 2009. Joint Venture General Insurance Underwriting Agency – owned 75% by QBE Holdings (AAP) Pty Limited and 25% by Elders Rural Services Australia Limited.
(civ) - Transfer of ownership of British Marine Managers Ltd from Equator Re (Australia) Limited to QBE Management Services (UK) Limited on 26 January 2010
(cv) - British Marine Holdings II S.A., British Marine holdings S.A. and British Marine Luxembourg S.A. merged into QBE Insurance (Europe) Limited on 31 March 2010 by Court Order
(cvi) - Ceased underwriting business 3 June 2009. Now dormant company.
(cvii) - Praetorian Financial Group Inc. (Delaware) merged into QBE Holdings, Inc. effective 31 March 2010
(cviii) - Redland Insurance Company merged into Praetorian Insurance Company effective 31 March 2010
(cix) - Capital City Holding Company, Inc. (South Carolina) merged into North Pointe Financial Services, Inc. on 1 January 2010
(cx) - ZC Sterling Corporation name changed to Sterling National Corporation effective 22 February 2010
(cxi) - ZC Sterling Insurance Agency, Inc. name changed to Sterling National Insurance Agency, Inc. effective 1 April 2010
(cxii) - Bro Enterprises LLC name changed to Sterling National Enterprises, LLC effective 23 February 2010
(cxiii) - ZC Real Estate Tax Solutions Limited name changed to Sterling Property Tax Solutions, Inc. effective 22 February 2010
(cxiv) - QBE Funding V Limited incorporated on 26 April 2010 in Jersey
(cxv) - Limit No. 2 CRN: 2842277, Limit No. 3 CRN: 2842272, Limit No. 4 CRN: 2852608, Limit No. 5 CRN: 2852600, Limit No. 7 CRN: 2852608, Limit No. 10 CRN: 2852604.
(cxvi) - QBE PL Sp. Z.o.o. disposed on 14 May 2010 to third party
(cxvii) - Equator Re (Australia) Limited was amalgamated with Equator Re Reinsurances Limited on 11 June 2010

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date 1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	4 Prior Year to Date Direct Loss Percentage
1. Fire	67,015	(4,481)	(6.7)	(0.4)
2. Allied lines	42,899	21,455	50.0	69.2
3. Farmowners multiple peril			0.0	
4. Homeowners multiple peril	11,946,806	4,827,029	40.4	40.0
5. Commercial multiple peril	899,092	95,767	10.7	5.3
6. Mortgage guaranty			0.0	
8. Ocean marine			0.0	
9. Inland marine	310,157	137,504	44.3	23.2
10. Financial guaranty			0.0	
11.1. Medical professional liability - occurrence			0.0	
11.2. Medical professional liability - claims-made			0.0	
12. Earthquake	44	(1)	(2.3)	
13. Group accident and health			0.0	
14. Credit accident and health			0.0	
15. Other accident and health			0.0	
16. Workers' compensation		18,898	0.0	
17.1 Other liability-occurrence	135,695	263,677	194.3	(2.5)
17.2 Other liability-claims made			0.0	
17.3 Excess workers' compensation			0.0	
18.1 Products liability-occurrence	13,132	14,153	107.8	5.5
18.2 Products liability-claims made			0.0	
19.1, 19.2 Private passenger auto liability	(6)	(18,520)	310,333.3	
19.3, 19.4 Commercial auto liability	435,047	92,208	21.2	9.8
21. Auto physical damage	132,803	38,731	29.2	47.2
22. Aircraft (all perils)			0.0	
23. Fidelity	161	244	151.6	(50.3)
24. Surety			0.0	
26. Burglary and theft	74	438	591.9	41.3
27. Boiler and machinery			0.0	
28. Credit			0.0	
29. International			0.0	
30. Warranty			0.0	
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	
35. Totals	13,982,719	5,487,002	39.2	36.7
DETAILS OF WRITE-INS				
3401.			0.0	
3402.			0.0	
3403.			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire	16,978	39,141	41,151
2. Allied lines	5,200	18,703	23,186
3. Farmowners multiple peril			
4. Homeowners multiple peril	6,063,011	10,895,340	11,891,927
5. Commercial multiple peril	380,731	708,427	1,013,278
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	167,071	277,849	324,819
10. Financial guaranty			
11.1 Medical professional liability - occurrence			
11.2 Medical professional liability - claims made			
12. Earthquake		13	
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence	59,360	111,837	135,962
17.2 Other liability-claims made			
17.3 Excess workers' compensation			
18.1 Products liability-occurrence	3,279	11,161	12,130
18.2 Products liability-claims made			
19.1 19.2 Private passenger auto liability			
19.3 19.4 Commercial auto liability	167,404	243,799	351,041
21. Auto physical damage	72,062	100,547	141,979
22. Aircraft (all perils)			
23. Fidelity		153	154
24. Surety			
26. Burglary and theft		150	150
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. Totals	6,926,116	12,407,120	13,935,697
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2010 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2010 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2010 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2007 + Prior	12,447	3,868	16,315	2,705	38	2,743	10,003	282	2,870	13,155	261	(678)	(417)
2. 2008	4,697	1,025	5,722	1,012	13	1,025	3,920	60	883	4,863	235	(69)	166
3. Subtotals 2008 + Prior	17,144	4,893	22,037	3,717	51	3,768	13,923	342	3,753	18,018	496	(747)	(251)
4. 2009	6,118	3,015	9,133	2,325	409	2,734	4,421	579	1,274	6,274	628	(753)	(125)
5. Subtotals 2009 + Prior	23,262	7,908	31,170	6,042	460	6,502	18,344	921	5,027	24,292	1,124	(1,500)	(376)
6. 2010	XXX	XXX	XXX	XXX	3,637	3,637	XXX	3,133	2,839	5,972	XXX	XXX	XXX
7. Totals	23,262	7,908	31,170	6,042	4,097	10,139	18,344	4,054	7,866	30,264	1,124	(1,500)	(376)
8. Prior Year-End's Surplus As Regards Policyholders	22,349										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 4.8 %	2. (19.0)%	3. (1.2)%

Col. 13, Line 7 Line 8
4. (1.7)%

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.
2.
3.

Bar Code:

Overflow Page for Write-Ins

Additional Write-ins for Statement of Income:

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
3704. Pension transfer valuation adjustment	(1,275,402)		
3797. Summary of remaining write-ins for Line 37	(1,275,402)	0	0

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	18,931,294	23,652,550
2. Cost of bonds and stocks acquired	5,393,984	13,022,420
3. Accrual of discount	2,588	26,260
4. Unrealized valuation increase (decrease)	(705,618)	2,230,817
5. Total gain (loss) on disposals	253,504	(1,123,969)
6. Deduct consideration for bonds and stocks disposed of	9,137,602	18,312,288
7. Deduct amortization of premium	7,114	50,827
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	106,212	513,569
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	14,624,825	18,931,294
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	14,624,825	18,931,294

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	43,610,029	33,191,320	31,457,534	(104,863)	43,610,029	45,238,952		35,075,196
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	43,610,029	33,191,320	31,457,534	(104,863)	43,610,029	45,238,952	0	35,075,196
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	43,610,029	33,191,320	31,457,534	(104,863)	43,610,029	45,238,952	0	35,075,196

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $....37,215,642; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8199999. Totals	21,216,324	XXX	21,327,444	11	66,215

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	23,172,332	2,884,743
2. Cost of short-term investments acquired	25,155,947	36,063,860
3. Accrual of discount	17,351	39,664
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	87	45
6. Deduct consideration received on disposals	27,015,172	15,812,414
7. Deduct amortization of premium	114,221	3,566
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	21,216,324	23,172,332
11. Deduct total nonadmitted amounts		457,105
12. Statement value at end of current period (Line 10 minus Line 11)	21,216,324	22,715,228

Sch. DB-Pt A-Verification
NONE

Sch. DB-Pt B-Verification
NONE

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	(0)	0
2. Cost of cash equivalents acquired	35,993,117	1,999,154
3. Accrual of discount	6,200	846
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	20,000,000	2,000,000
7. Deduct amortization of premium		
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	16,999,317	(0)
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	16,999,317	(0)

Sch. A-Pt 2
NONE

Sch. A-Pt 3
NONE

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

Sch. BA-Pt 2
NONE

Sch. BA-Pt 3
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Common Stocks - Industrial and Miscellaneous									
025816 10 9	AMERICAN EXPRESS CO		06/25/2010	VARIOUS	2,350.000	109,237	XXX		L
029912 20 1	AMERICAN TOWER CORP-CL A		06/25/2010	RAYMOND JAMES	1,740.000	76,782	XXX		L
03073E 10 5	AMERISOURCEBERGEN CORP		06/25/2010	VARIOUS	3,060.000	96,118	XXX		L
032095 10 1	AMPHENOL CORP-CL A		05/13/2010	ROBERT W. BAIRD & CO.	2,140.000	97,806	XXX		L
14149Y 10 8	CARDINAL HEALTH INC		06/08/2010	RAYMOND JAMES	1,030.000	35,214	XXX		L
166764 10 0	CHEVRON CORP		04/09/2010	JP MORGAN LONDON	460.000	38,084	XXX		L
369604 10 3	GENERAL ELECTRIC CO		04/19/2010	JP MORGAN LONDON	1,730.000	34,859	XXX		L
384802 10 4	W W GRAINGER INC		06/25/2010	VARIOUS	470.000	52,029	XXX		L
437076 10 2	HOME DEPOT INC		05/12/2010	KBW LONDON	230.000	8,195	XXX		L
500754 10 4	KRAFT FOODS INC-CLASS A		06/23/2010	VARIOUS	5,280.000	153,916	XXX		L
501044 10 1	KROGER CO		06/23/2010	VARIOUS	1,710.000	36,771	XXX		L
53217V 10 9	LIFE TECHNOLOGIES CORP		06/08/2010	VARIOUS	2,360.000	110,298	XXX		L
718172 10 9	PHILIP MORRIS INTERNATIONAL		06/23/2010	MERRILL LYNCH	270.000	12,694	XXX		L
806407 10 2	HENRY SCHEIN INC		05/25/2010	VARIOUS	1,210.000	71,472	XXX		L
87612E 10 6	TARGET CORP		05/17/2010	JP MORGAN LONDON	1,520.000	84,318	XXX		L
913903 10 0	UNIVERSAL HEALTH SERVICES-B		06/25/2010	VARIOUS	3,940.000	153,627	XXX		L
917047 10 2	URBAN OUTFITTERS INC		05/12/2010	VARIOUS	490.000	17,657	XXX		L
92343V 10 4	VERIZON COMMUNICATIONS INC		06/23/2010	OPPENHEIMER & CO.	850.000	24,998	XXX		L
92826C 83 9	VISA INC-CLASS A SHARES		06/23/2010	VARIOUS	420.000	32,253	XXX		L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					1,256,911	XXX	0	XXX
9799997.	Total - Common Stocks - Part 3					1,256,911	XXX	0	XXX
9799999.	Total - Common Stocks					1,256,911	XXX	0	XXX
9899999.	Total - Preferred and Common Stocks					1,256,911	XXX	0	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					1,256,911	XXX	0	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 1.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
912827 5Z 1	US TREASURY N/B		06/17/2010	PRIOR YEAR INCOME									0					0	27,625	02/15/2010	1
0399999.	Total - Bonds - U.S. Government				0	0	0	0	0	0	0	0	0	0	0	0	0	0	27,625	XXX	XXX
Bonds - Industrial and Miscellaneous																					
87019P QB 6	SWEDBANK		05/14/2010	BGC FINANCIAL INC		999,095	1,000,000	1,000,000					0		1,000,000		(905)	(905)	1,736	03/09/2011	1
3899999.	Total - Bonds - Industrial & Miscellaneous					999,095	1,000,000	1,000,000	0	0	0	0	0	0	1,000,000	0	(905)	(905)	1,736	XXX	XXX
8399997.	Total - Bonds - Part 4					999,095	1,000,000	1,000,000	0	0	0	0	0	0	1,000,000	0	(905)	(905)	29,361	XXX	XXX
8399999.	Total - Bonds					999,095	1,000,000	1,000,000	0	0	0	0	0	0	1,000,000	0	(905)	(905)	29,361	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
002824 10 0	ABBOTT LABORATORIES		05/12/2010	UNION BK OF SWITZERLAND LONDON	260,000	12,786	XXX	14,266	14,667	228			228		14,266		(1,479)	(1,479)	218	XXX	L
00724F 10 1	ADOBE SYSTEMS INC		05/25/2010	VARIOUS	1,480,000	50,016	XXX	25,716	54,434	(29,718)			(29,718)		24,716		25,294	25,294		XXX	L
031162 10 0	AMGEN INC		04/30/2010	JP MORGAN LONDON	1,970,000	115,348	XXX	120,119	111,443	8,676			8,676		120,119		(4,773)	(4,773)		XXX	L
037833 10 0	APPLE INC		06/25/2010	UNION BK OF SWITZERLAND LONDON	30,000	8,002	XXX	2,561	6,322	(3,761)			(3,761)		2,561		5,472	5,472		XXX	L
071813 10 9	BAXTER INTERNATIONAL INC		04/29/2010	RAYMOND JAMES	1,400,000	69,702	XXX	83,888	82,152	1,736			1,736		83,888		(14,186)	(14,186)	812	XXX	L
17275R 10 2	CISCO SYSTEMS INC		05/13/2010	RAYMOND JAMES	3,730,000	86,453	XXX	90,083	89,295	786			786		90,083		6,371	6,371		XXX	L
254687 10 6	WALT DISNEY COTHE		05/17/2010	UNION BK OF SWITZERLAND LONDON	350,000	12,213	XXX	8,591	11,619	(3,109)			(3,109)		8,591		3,712	3,712	126	XXX	L
291011 10 4	EMERSON ELECTRIC CO		06/25/2010	VARIOUS	980,000	43,962	XXX	37,487	41,748	(4,261)			(4,261)		37,487		6,374	6,374	657	XXX	L
38259P 50 8	GOOGLE INC-CL A		06/23/2010	ROBERT W. BAIRD & CO.	40,000	19,165	XXX	18,264	24,799	(6,535)			(6,535)		18,264		896	896		XXX	L
406216 10 1	HALLIBURTON CO		06/02/2010	VARIOUS	2,890,000	73,726	XXX	52,001	86,960	(34,959)			(34,959)		52,001		21,727	21,727	418	XXX	L
428236 10 3	HEWLETT-PACKARD CO		06/23/2010	KBW LONDON	800,000	38,641	XXX	40,522	42,753	(2,231)			(2,231)		40,522		(1,881)	(1,881)	133	XXX	L
452308 10 9	ILLINOIS TOOL WORKS		06/23/2010	VARIOUS	1,200,000	53,598	XXX	43,439	57,588	(14,149)			(14,149)		43,439		10,159	10,159	744	XXX	L
458140 10 0	INTEL CORP		06/23/2010	J.P. MORGAN	1,190,000	24,637	XXX	25,932	24,276	1,656			1,656		25,932		(1,295)	(1,295)	375	XXX	L
601073 10 9	MILLIPORE CORP		04/15/2010	ROBERT W. BAIRD & CO.	420,000	44,471	XXX	39,223					0		39,223		5,248	5,248		XXX	L
690768 40 3	OWENS-ILLINOIS INC		05/25/2010	J.P. MORGAN	380,000	10,678	XXX	11,212	12,491	(1,278)			(1,278)		11,212		(533)	(533)		XXX	L
693475 10 5	PNC FINANCIAL SERVICES GROUP		06/10/2010	KBW LONDON	210,000	12,402	XXX	6,572	11,086	(4,514)			(4,514)		6,572		5,830	5,830	42	XXX	L
693506 10 7	PPG INDUSTRIES INC		05/11/2010	VARIOUS	450,000	27,357	XXX	15,811	26,343	(10,532)			(10,532)		15,811		11,287	11,287	286	XXX	L
745867 10 1	PULTE GROUP INC		06/25/2010	ROBERT W. BAIRD & CO.	10,490,000	92,135	XXX	121,756	91,580	14,821			14,821		121,760		(29,615)	(29,615)		XXX	L
775695 10 6	ROPER INDUSTRIES INC		06/25/2010	JP MORGAN LONDON	70,000	4,023	XXX	4,525	3,666	859			859		4,525		(502)	(502)	13	XXX	L
855244 10 9	STARBUCKS CORP		06/08/2010	RAYMOND JAMES	560,000	14,219	XXX	6,307	12,914	(6,607)			(6,607)		6,307		5,912	5,912	56	XXX	L
903914 10 9	ULTRA PETROLEUM CORP		04/30/2010	VARIOUS	1,010,000	46,678	XXX	42,411	51,522	(9,111)		1,706	(10,817)		40,705		6,173	6,173		XXX	L
907818 10 8	UNION PACIFIC CORP		05/25/2010	VARIOUS	470,000	32,956	XXX	32,899	30,003	2,896			2,896		32,899		55	55	254	XXX	L
912909 10 8	UNITED STATES STEEL CORP		06/10/2010	VARIOUS	1,600,000	76,178	XXX	101,331					0		101,331		(25,153)	(25,153)	148	XXX	L
931142 10 3	WAL-MART STORES INC		05/01/2010	VARIOUS	1,630,000	85,408	XXX	91,841	87,124	4,717			4,717		91,841		(6,433)	(6,433)	1,630	XXX	L
V7780T 10 3	ROYAL CARIBBEAN CRUISES LTD		05/19/2010	VARIOUS	3,370,000	106,931	XXX	74,167	85,194	(11,027)			(11,027)		74,167		32,764	32,764		XXX	L

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
9099999.	Total - Common Stocks - Industrial & Miscellaneous				XXX	1,171,539	XXX	1,111,828	1,059,691	(103,447)	0	1,706	(105,153)	0	1,110,122	0	61,419	61,419	5,912	XXX	XXX
9799997	Total - Common Stocks - Part 4				XXX	1,171,539	XXX	1,111,828	1,059,691	(103,447)	0	1,706	(105,153)	0	1,110,122	0	61,419	61,419	5,912	XXX	XXX
9799999.	Total - Common Stocks				XXX	1,171,539	XXX	1,111,828	1,059,691	(103,447)	0	1,706	(105,153)	0	1,110,122	0	61,419	61,419	5,912	XXX	XXX
9899999.	Total - Preferred and Common Stocks				XXX	1,171,539	XXX	1,111,828	1,059,691	(103,447)	0	1,706	(105,153)	0	1,110,122	0	61,419	61,419	5,912	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks				XXX	2,170,634	XXX	2,111,828	1,059,691	(103,447)	0	1,706	(105,153)	0	2,110,122	0	60,514	60,514	35,273	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues: 0.

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1B
NONE

Sch. DB-Pt D
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
ROYAL BK OF SCOTLAND NY ..... NEW YORK, NY	.....	1.550	.....	22,120	.....	.....	1,501,406	XXX
STATE STREET BANK & TRST ..... NEW YORK, NY	.....	0.950	.....	739	.....	1,000,000	1,000,000	XXX
CITIBANK ..... NEW YORK, NY	.....	.....	.....	.....	4,840,802	27,691	44,359	XXX
SKANDINAV ENSKILDA BK ..... NEW YORK, NY	.....	0.850	.....	3,140	.....	999,070	999,170	XXX
COMMUNITY COMMERCE BANK ..... LOS ANGELES, CALIFORNIA	.....	.....	.....	.....	100,000	100,000	100,000	XXX
0199999. Total Open Depositories	XXX	XXX	0	25,999	4,940,802	2,126,721	3,644,935	XXX
0399999. Total Cash on Deposit	XXX	XXX	0	25,999	4,940,802	2,126,721	3,644,935	XXX
0599999. Total Cash	XXX	XXX	0	25,999	4,940,802	2,126,721	3,644,935	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Government Issue Obligations							
US TREASURY BILL		05/06/2010	0.140	07/01/2010	7,000,000		1,416
US TREASURY BILL		06/16/2010	0.095	08/12/2010	8,999,318		211
0199999. U.S. Government Issue Obligations					15,999,318	0	1,627
0399999. Total - U.S. Government Bonds					15,999,318	0	1,627
Total							
7799999. Subtotals - Issue Obligations					15,999,318	0	1,627
8399999. Subtotals - Bonds					15,999,318	0	1,627
8699999. Total - Cash Equivalents					15,999,318	0	1,627

PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

25798201020100103

QUARTERLY STATEMENT

As of September 30, 2010
of the Condition and Affairs of the

Unigard Indemnity Company

NAIC Group Code.....796, 796 (Current Period) (Prior Period) NAIC Company Code..... 25798 Employer's ID Number..... 91-0895822

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

Incorporated/Organized..... November 8, 1972 Commenced Business..... November 22, 1972

Statutory Home Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)
Mail Address	15805 NE 24th Street..... Bellevue ..... WA ..... 98008-2409 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	One General Drive..... Sun Prairie ..... WI ..... 53596 (Street and Number) (City or Town, State and Zip Code)	425-644-5236 (Area Code) (Telephone Number)
Internet Web Site Address	www.uhigard.com	
Statutory Statement Contact	Darnyl Bryon Klatt (Name)	608-825-5160 (Area Code) (Telephone Number) (Extension)
	darnyl.klatt@us.qbe.com (E-Mail Address)	608-825-5053 (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Peter Kurt Christen	President	2. John Roger Schanen	Senior VP - Head of Finance
3. Jennifer Jean Vernon	Secretary	4.	

OTHER

Lindsay Arnold Chatterton, Jr.	Senior Vice President	Thomas Mark Greenfield	Senior Vice President
Peter George Logothetis	Senior Vice President	John Michael Bondura	Senior Vice President
Charles Robert Valinoti	Senior Vice President	Steven Lawrence Sheinheit	Chief Strategy and Technology Officer
James Justin Fiore	Chief Underwriting Officer	Norm Emil Donelson	Senior Vice President
Jennifer Jean Vernon	General Counsel and Senior Vice President	Andrew Joseph Doll	Senior Vice President
John Rumpler #	Chief Executive Officer	Christopher Colin Fish #	Chief Financial Officer
Shaun Patrick Flynn #	Chief Risk Officer	Dean Kenneth Harring #	Chief Claims Officer
Nancy Lynn Kelly #	Chief Human Resource Officer	Peter Thomas Maloney #	Chief Legal Officer
Nichlos Hayes Pastor #	Chief Actuary	Christopher Scott Alberghini #	Senior Vice President
Jeff Alan Amsle #	Senior Vice President	Robert Dickens Byler #	Senior Vice President

DIRECTORS OR TRUSTEES

Peter Kurt Christen
John Rumpler
John Roger Schanen

State of..... Wisconsin
County of..... Dane

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Peter Kurt Christen	John Roger Schanen	Jennifer Jean Vernon
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Senior VP - Head of Finance	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	8,025,544		8,025,544	11,902,864
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	7,028,425
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....4,557,444), cash equivalents ($.....10,997,697) and short-term investments ($.....31,090,826)	46,645,967		46,645,967	38,286,115
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets			0	
9. Receivables for securities			0	
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	54,671,511	0	54,671,511	57,217,404
12. Title plants less $.....0 charged off (for Title insurers only)			0	
13. Investment income due and accrued	115,141		115,141	274,493
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	2,267,771	227,067	2,040,704	1,942,712
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)	8,842,532	2,185	8,840,347	8,375,942
14.3 Accrued retrospective premiums			0	
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	1,609,811		1,609,811	1,539,188
15.2 Funds held by or deposited with reinsured companies			0	
15.3 Other amounts receivable under reinsurance contracts			0	
16. Amounts receivable relating to uninsured plans			0	
17.1 Current federal and foreign income tax recoverable and interest thereon	467,884		467,884	115,495
17.2 Net deferred tax asset	3,110,647	1,267,629	1,843,018	2,564,425
18. Guaranty funds receivable or on deposit			0	
19. Electronic data processing equipment and software			0	
20. Furniture and equipment, including health care delivery assets ($.....0)			0	
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	
22. Receivables from parent, subsidiaries and affiliates			0	1,483,366
23. Health care ($.....0) and other amounts receivable			0	
24. Aggregate write-ins for other than invested assets	18,050	18,050	0	0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 through 24)	71,103,347	1,514,932	69,588,415	73,513,025
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
27. Total (Lines 25 and 26)	71,103,347	1,514,932	69,588,415	73,513,025

DETAILS OF WRITE-INS

1001			0	
1002			0	
1003			0	
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above)	0	0	0	0
2401. Prepaid pension asset	18,050	18,050	0	
2402			0	
2403			0	
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	18,050	18,050	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Losses (current accident year $.....6,057,128)	23,948,208	26,501,453
2.	Reinsurance payable on paid losses and loss adjustment expenses	50,886	191,881
3.	Loss adjustment expenses	5,435,421	5,741,928
4.	Commissions payable, contingent commissions and other similar charges	923,026	1,111,264
5.	Other expenses (excluding taxes, licenses and fees)	272,436	1,093,421
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	117,094	89,309
7.1	Current federal and foreign income taxes (including $.....0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (after deducting unearned premiums for ceded reinsurance of $.....13,434,675 and including warranty reserves of $.....0)	13,583,958	13,924,516
10.	Advance premium	454,497	124,980
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	1,307,367	1,017,833
13.	Funds held by company under reinsurance treaties		
14.	Amounts withheld or retained by company for account of others	337	337
15.	Remittances and items not allocated	(295)	578
16.	Provision for reinsurance		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	9,658	3,624
19.	Payable to parent, subsidiaries and affiliates	1,775,657	
20.	Derivatives		
21.	Payable for securities		
22.	Liability for amounts held under uninsured plans		
23.	Capital notes $.....0 and interest thereon $.....0		
24.	Aggregate write-ins for liabilities	477,195	1,362,695
25.	Total liabilities excluding protected cell liabilities (Lines 1 through 24)	48,356,446	51,163,821
26.	Protected cell liabilities		
27.	Total liabilities (Lines 25 and 26)	48,356,446	51,163,821
28.	Aggregate write-ins for special surplus funds	375,816	574,533
29.	Common capital stock	3,000,000	3,000,000
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds	0	0
32.	Surplus notes		
33.	Gross paid in and contributed surplus	6,300,000	6,300,000
34.	Unassigned funds (surplus)	11,557,153	12,474,671
35.	Less treasury stock, at cost:		
	35.1 .....0.000 shares common (value included in Line 29 $.....0)		
	35.2 .....0.000 shares preferred (value included in Line 30 $.....0)		
36.	Surplus as regards policyholders (Lines 28 to 34, less 35)	21,232,969	22,349,204
37.	Totals	69,589,415	73,513,026

DETAILS OF WRITE-INS

2401.	Minimum pension liability	294,536	1,147,242
2402.	Retrospective premium accrued	143,932	168,374
2403.	2009 private passenger escrow	38,727	47,079
2498.	Summary of remaining write-ins for Line 24 from overflow page	0	0
2499.	Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	477,195	1,362,695
2801.	Additional admitted deferred tax assets	375,816	574,533
2802.			
2803.			
2898.	Summary of remaining write-ins for Line 28 from overflow page	0	0
2899.	Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	375,816	574,533
3101.			
3102.			
3103.			
3198.	Summary of remaining write-ins for Line 31 from overflow page	0	0
3199.	Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written $ 19,306,941)	20,666,404	23,307,317	30,727,371
1.2 Assumed (written $ 21,456,301)	21,796,859	22,922,680	30,645,169
1.3 Ceded (written $ 19,306,941)	20,666,404	23,307,317	30,727,371
1.4 Net (written $ 21,456,301)	21,796,859	22,922,680	30,645,170
DEDUCTIONS:			
2. Losses incurred (current accident year $ 12,229,260):			
2.1 Direct	8,202,416	12,066,482	16,098,001
2.2 Assumed	12,028,243	12,246,596	16,967,490
2.3 Ceded	8,202,415	12,066,482	16,098,001
2.4 Net	12,028,244	12,246,596	16,967,490
3. Loss adjustment expenses incurred	2,840,573	2,447,378	2,971,495
4. Other underwriting expenses incurred	7,380,804	8,361,688	10,786,079
5. Aggregate write-ins for underwriting deductions	(6,783)	37,315	47,079
6. Total underwriting deductions (Lines 2 through 5)	22,242,838	23,092,879	30,722,142
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(445,980)	(160,199)	(76,972)
INVESTMENT INCOME			
9. Net investment income earned	171,113	922,947	1,108,702
10. Net realized capital gains (losses) less capital gains tax of $ 0	321,013	(1,543,231)	(1,623,743)
11. Net investment gain (loss) (Lines 9 + 10)	492,126	(620,284)	(515,040)
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 0 amount charged off $ 50,195)	(50,195)	(31,614)	(43,183)
13. Finance and service charges not included in premiums	128,639	131,235	181,593
14. Aggregate write-ins for miscellaneous income	(3,859)	(1,457)	(2,369)
15. Total other income (Lines 12 through 14)	74,585	98,164	136,042
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	120,731	(682,319)	(455,970)
17. Dividends to policyholders	380,500	402,548	527,524
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)	(259,769)	(1,084,867)	(983,493)
19. Federal and foreign income taxes incurred	(275,589)	149,796	333,142
20. Net income (Line 18 minus Line 19) (to Line 22)	15,820	(1,234,663)	(1,316,635)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	22,349,203	23,283,246	23,283,243
22. Net income (from Line 20)	15,820	(1,234,663)	(1,316,635)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 314,050	(583,235)	1,216,245	1,450,031
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	(488,131)	478,078	784,365
27. Change in nonadmitted assets	667,128	315,217	715,887
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders		(2,500,000)	(2,500,000)
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	(727,815)	(109,198)	(67,689)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(1,116,234)	(1,834,321)	(934,040)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	21,232,969	21,448,925	22,349,203
DETAILS OF WRITE-INS			
0501. 2009 Private Passenger Escrow	(6,783)	37,315	47,079
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(6,783)	37,315	47,079
1401. Miscellaneous expenses	(3,859)	(1,457)	(2,369)
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(3,859)	(1,457)	(2,369)
3701. Additional minimum pension liability	554,259	(109,198)	(67,689)
3702. Additional admitted deferred tax assets	(198,717)		574,533
3703. Reclassification of additional admitted deferred tax assets to special surplus funds	198,717		(574,533)
3798. Summary of remaining write-ins for Line 37 from overflow page	(1,282,074)	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	(727,815)	(109,198)	(67,689)

CASH FLOW

		1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance	21,561,092	23,801,871	31,731,918
2.	Net investment income	336,529	1,178,805	1,419,560
3.	Miscellaneous income	74,585	98,164	136,042
4.	Total (Lines 1 through 3)	21,972,206	25,078,840	33,287,520
5.	Benefit and loss related payments	14,793,107	12,707,659	15,900,885
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	11,602,540	11,054,826	14,229,388
8.	Dividends paid to policyholders	380,500	402,548	527,524
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	76,800	948,713	948,713
10.	Total (Lines 5 through 9)	26,752,947	25,113,745	31,606,510
11.	Net cash from operations (Line 4 minus Line 10)	(4,780,742)	(34,905)	1,681,010
	CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	5,876,247	13,573,934	15,711,445
	12.2 Stocks	8,845,733	1,860,953	2,699,843
	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	(819)	9,243	13,893
	12.7 Miscellaneous proceeds			
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	14,721,161	15,444,130	18,326,181
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	2,003,793	4,013,400	10,026,685
	13.2 Stocks	2,393,931	2,224,851	2,995,735
	13.3 Mortgage loans			
	13.4 Real estate			
	13.5 Other invested assets			
	13.6 Miscellaneous applications			
	13.7 Total investments acquired (Lines 13.1 to 13.6)	4,397,724	6,238,251	13,022,420
14.	Net increase (decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	10,323,437	9,205,879	5,303,761
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			
	16.2 Capital and paid in surplus, less treasury stock			
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities			
	16.5 Dividends to stockholders		2,500,000	2,500,000
	16.6 Other cash provided (applied)	2,817,156	(2,444,809)	(5,515,561)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	2,817,156	(4,944,809)	(8,015,561)
	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)	8,359,852	4,226,165	(1,030,790)
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	38,286,115	39,316,905	39,316,905
	19.2 End of period (Line 18 plus Line 19.1)	46,645,967	43,543,070	38,286,115

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

20.0001			

NOTES TO FINANCIAL STATEMENTS

Note #	Description
1	Summary of Significant Accounting Policies
2	Accounting Changes and Corrections of Errors
3	Business Combinations and Goodwill
4	Discontinued Operations
5	Investments
6	Joint Ventures, Partnerships and Limited Liability Companies
7	Investment Income
8	Derivative Instruments
9	Income Taxes
10	Information Concerning Parent, Subsidiaries and Affiliates and Other Related Parties
11	Debt
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
14	Contingencies
15	Leases
16	Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
17	Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities
18	Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
20	Other Items
21	Events Subsequent
22	Reinsurance
23	Retrospectively Rated Contracts & Contracts Subject to Redetermination
24	Change in Incurred Losses and Loss Adjustment Expenses
25	Intercompany Pooling Arrangements
26	Structured Settlements
27	Health Care Receivables
28	Participating Policies
29	Premium Deficiency Reserves
30	High Deductibles
31	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
32	Asbestos/Environmental Reserves
33	Subscriber Savings Accounts
34	Multiple Peril Crop Insurance
35	Financial Guaranty Insurance

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

   No Significant Changes

2. **Accounting Changes and Corrections of Errors**

   No Significant Changes

3. **Business Combinations and Goodwill**

   Not Applicable

4. **Discontinued Operations**

   Not Applicable

5. **Investments**

   No Significant Changes

6. **Joint Ventures, Partnerships and Limited Liability Companies**

   Not Applicable

7. **Investment Income**

   No Significant Changes

8. **Derivative Instruments**

   Not Applicable

9. **Income Taxes**

   A. The components of the net deferred tax asset recognized are as follows:

	September 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
(1) Total of gross DTA	$ 2,319,269	$ 804,824	$ 3,124,093	$ 2,956,673	$ 790,129	$ 3,746,802
(2) Total of gross DTL	13,446	-	13,446	15,220	117,459	132,679
(3) Net deferred tax asset	$ 2,305,823	$ 804,824	$ 3,110,647	$ 2,941,453	$ 672,670	$ 3,614,123
(4) Deferred tax asset nonadmitted			1,267,629			1,049,698
(5) Net admitted deferred tax asset			$ 1,843,018			$ 2,564,425
(6) Increase (decrease) in nonadmitted asset			$ 217,931			$ (908,259)

   (7) Unigard Indemnity Company (Company) has elected to admit additional DTAs pursuant to SSAP 10R, paragraph 10(e) for the period ended 9/30/2010.

   (8) The increased amount, by tax character, of admitted adjusted gross DTAs resulting from paragraph 10 (e):

	September 30, 2010	December 31, 2009	Change
Ordinary	$ 375,816	$ 574,533	$ (198,717)
Capital	-	-	-
Total increase in admitted adjusted gross DTA	$ 375,816	$ 574,533	$ (198,717)

(9) The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii, 10c.:

	September 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within one year (10bi.)	$ 1,467,202	-	$ 1,467,202	$ 2,099,636	-	$ 2,099,636
10% of adjusted capital and surplus (10bii.)			$ 2,002,542			$ 1,989,891
Adjusted gross DTAs offset against existing DTLs (10c)	$ 13,446	-	$ 13,446	$ 15,221	117,459	$ 132,680
Risk based capital level used in paragraph 10.d:						
Total adjusted capital			$ 20,857,153			$ 21,774,671
Authorized control level			$ 2,827,725			$ 2,827,725

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eii(a)., 10eii(b)., 10eiii.:

	September 30, 2010			December 31, 2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10.a)	$ -	-	$ -	$ -	-	$ -
Lesser of:						
Expected to be recognized within three years (10.e.i.)	$ 1,843,018	-	$ 1,843,018	$ 2,564,424	-	$ 2,564,424
15% of adjusted capital and surplus (10.e.ii.)			$ 3,003,812			$ 2,984,837
Adjusted gross DTAs offset against existing DTLs (10.eiii)	$ 13,448	-	$ 13,448	$ 15,221	117,459	$ 132,680
Risk based capital level used : in paragraph 10.d						
Total adjusted capital			$ 20,857,153			$ 22,349,204
Authorized control level			$ 2,827,725			$ 2,827,725

(10) The following amounts resulting from the calculation in paragraphs 10a., 10b., 10c.:

	September 30, 2010	December 31, 2009
Admitted DTAs	$ 1,467,202	$ 1,989,891
Admitted assets	$ 69,212,599	$ 72,770,114
Statutory surplus	$ 20,857,153	$ 21,774,671
Total adjusted capital	$ 20,857,153	$ 21,774,671

Admitted DTAs, admitted assets and statutory surplus increased by $375,816 resulting from the use of paragraph 10e.

B. The Company recognizes all of its deferred tax liabilities.

C. (1) The provisions for incurred income taxes on earnings for the period ended are:

	9/30/2010	12/31/2009
Federal	$ (275,589)	$ 333,142
Foreign	-	-
	$ (275,589)	$ 333,142
Federal income tax on net capital gains		-
Utilization of capital loss carryforwards	-	-
Utilization of operating loss carryforwards	-	-
Federal and foreign income taxes incurred	$ (275,589)	$ 333,142

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

	9/30/2010	12/31/2009	Change
Deferred tax assets			
Loss reserves	$ 1,042,925	$ 1,144,448	$ (101,523)
Unearned premium reserve	982,692	983,482	(790)
Employee benefit plans	130,318	537,154	(406,836)
Stocks, bonds and other investments	69,542	159,987	(90,445)
Premiums receivable	80,238	97,086	(16,848)
Net capital loss carryover	804,825	790,129	14,696
Other	13,553	34,516	(20,963)
Total deferred tax assets	$ 3,124,093	$ 3,746,802	$ (622,709)
Nonadmitted deferred tax assets	1,267,629	1,049,698	217,931
Admitted deferred tax assets	$ 1,856,464	$ 2,697,104	$ (840,640)
Deferred tax liabilities			
Stocks, bonds and other investments	13,447	129,525	(116,078)
Other	(1)	3,154	(3,155)
Total deferred tax liabilities	$ 13,446	$ 132,679	$ (119,233)
Net admitted deferred tax asset	$ 1,843,018	$ 2,564,425	$ (721,407)

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	9/30/2010	12/31/2009	Change
Total deferred tax assets	$ 3,124,093	$ 3,746,802	$ (622,709)
Total deferred tax liabilities	13,446	132,679	(119,233)
Net deferred tax asset (liability)	$ 3,110,647	$ 3,614,123	$ (503,476)
Tax effect of unrealized gains (losses)			(15,603)
Intercompany DTA transfer			30,949
Change in net deferred income tax			$ (488,130)

Gross deferred tax assets in the admissibility test were adjusted by $438,200 because other-than-temporary impairments totaling $1,252,000 are not expected to be realized in future tax returns.

(3) The Company did not utilize any investment tax credits in the current or proceeding year.

(4) The Company did not utilize any operating loss carryforwards in the current year or proceeding year.

(5) There were no adjustments to deferred tax assets or liabilities from enacted changes in tax status, rates or laws in the current or proceeding year.

(6) There were no adjustment to deferred tax assets due to change in circumstances about the realize ability of these assets.

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing differences are as follows:

	Amount	Tax Effect	Rate
Pre tax income	$ (259,770)	$ (90,920)	35%
Dividends received deduction (net of proration)	(38,366)	(13,428)	5%
Other permanent differences	20,338	7,117	-3%
Nonadmitted premiums receivable	48,137	16,848	-6%
Other assets nonadmitted	836,922	292,924	-113%
Other	-	-	0%
Total	$ 607,261	$ 212,541	-82%
Federal and foreign income taxes incurred	(787,397)	(275,589)	106%
Change in net deferred income taxes	1,394,658	488,130	-188%
Total statutory income taxes	$ 607,261	$ 212,541	-82%

E. (1) At September 30, 2010, the Company had an estimated $2,299,500 of net capital loss carryforwards, which would expire in 2013 and 2014, available to offset future net capital gains.

At September 30, 2010, the Company had $0 of net operating loss carry forwards.

(2) The Company did not incur federal income taxes in the current year or any preceding year that would be available for recoupment in the event of future net losses.

(3) At September 30, 2010, the Company had no deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. (1) The Company's federal income tax information is included in the consolidated federal income tax return of QBE Investments (North America), Inc. The companies included in the filing of the consolidated federal income tax return are as follows:

QBE Investments (North America), Inc.	Burnett Insurance Management Services, Inc.
QBE Holdings, Inc.	BCO Insurance Agency of Texas, Inc.
QBE Management, Inc.	BCO Surplus Lines, Inc.-Texas
QBE Reinsurance Corporation	Stahl Intermediaries, Inc.
QBE Insurance Corporation	North Pointe Financial Services, Inc
QBE Specialty Insurance Company	North Pointe Casualty Insurance Company
National Farmers Union Property and Casualty Company	North Pointe Insurance Company
United Security Insurance Company	Davis Garvin Agency, Inc.
QBE Regional Companies (N.A.), Inc.	Capital City Insurance Company, Inc.
General Casualty Company of Wisconsin	QBE U.S. Agencies, Inc.
General Casualty Insurance Company	Deep South Surplus, Inc.
Regent Insurance Company	Deep South of California, Inc.
Hoosier Insurance Company	Southern National Risk Management, Inc.
Blue Ridge Insurance Company	S.I.U., LLC
Blue Ridge Indemnity Company	Community Association Underwriters of America Inc.
Southern Guaranty Insurance Company	Sterling National Corporation
Southern Pilot Insurance Company	Sterling National Insurance Agency, Inc.
Southern Fire & Casualty Company	Sterling Property Tax Solutions, Inc.
Unigard Insurance Company	Affinity Insurance Services, Inc.
Unigard Indemnity Company	SLG Benefits and Insurance, LLC
Praetorian Insurance Company	Westwood Insurance Agency
Burnett Holdings, Inc.	QBE Americas, Inc.
Burnett & Company, Inc.	Seattle Specialty Insurance Services, Inc.
NAU Holding Company, LLC	NAU Country Insurance Company

(2) Effective January 1, 2008, QBE Regional and Subsidiaries entered into a tax sharing agreement with QBE Investments (North America), Inc. which replaced and made null all previous tax sharing agreements. Pursuant to this agreement, the group allocates tax among its members specifically on the basis of the tax allocation method provided in Section 1552(a)(2) of the Internal Revenue Code. Net operating loss and capital loss carryovers of the members shall be taken into account only to the extent such items were generated in a consolidated return year to which this agreement or the previous QBE Investments (North America), Inc. agreement applied. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective January 1, 2010, QBE Americas, Inc. (QBEAI), began operations to provide a variety of administrative services for the Company and certain United States based affiliates. All employees of certain U.S affiliates, excluding employees based in the state of Washington and certain claim adjusters, became employees of QBEAI resulting in associated liabilities associated with employees benefit plans transferring at fair market values to QBEAI. In addition, associated electronic hardware, software, furniture and equipment used by these employees were sold to QBEAI at book value which approximated fair market value.

11. Debt

Not Applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not Applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No Significant Changes

14. Contingencies

No Significant Changes

NOTES TO FINANCIAL STATEMENTS

15. Leases

Not Applicable

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

Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

C. Wash Sales

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

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

Not Applicable

20. Other Items

No Significant Changes

21. Events Subsequent

No Significant Changes

22. Reinsurance

No Significant Changes

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Change in Incurred Losses and Loss Adjustment Expenses

No Significant Changes

25. Intercompany Pooling Arrangements

The Company is a participant in the Ninth Restatement Reinsurance Agreement, effective January 1, 2010 (Pooling Agreement). The Pooling Agreement includes other affiliated companies

Participating Companies	NAIC Co Code	Pool %
• General Casualty Company of Wisconsin (GCW)**	24414	26.6%
• Regent Insurance Company (RGT)	24449	8.7%
• General Casualty Insurance Company (GCI)	18821	6.4%
• Hoosier Insurance Company (HIC)	27570	3.9%
• Blue Ridge Insurance Company (BRIC)	24503	1.5%
• Blue Ridge Indemnity Company (BRIN)	40754	1.0%
• National Farmers Union Property and Casualty Company (NFU)	16217	12.6%
• United Security Insurance Company (USIC)	21776	0.7%
• Southern Guaranty Insurance Company (SGIC)	19178	8.8%
• Southern Pilot Insurance Company (SPIC)	22861	1.7%
• Southern Fire and Casualty Company (SFACC)	22888	1.0%
• Unigard Insurance Company (UIC)	25747	24.2%
• Unigard Indemnity Company (UID)	25798	2.9%

**Lead company

All lines and types of insurance business of the companies are subject to the pooling agreement.

GCW, UIC and NFU cede a portion of their business to various non-affiliated reinsurers on a facultative basis and a portion of their business to affiliated and non-affiliated reinsurers for excess of loss and catastrophe coverage. These placements made by GCW are subsequent to the assumption of pooled business from subsidiaries. These placements made by UIC and NFU are prior to the cession to GCW under the pooling agreement.

26. Structured Settlements

No Significant Changes

27. Health Care Receivables

Not Applicable

28. Participating Policies

No Significant Changes

29. Premium Deficiency Reserves

Not Applicable

30. High Deductibles

Not Applicable

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No Significant Changes

32. Asbestos/Environmental Reserves

No Significant Changes

33. Subscriber Savings Accounts

Not Applicable

34. Multiple Peril Crop Insurance

Not Applicable

35. Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [X] No [ ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [X] No [ ]

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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

4.2 If yes, provide name of 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 Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ ] N/A [X]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

6.2 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. 12/31/2007

6.3 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). 4/10/2009

6.4 By what department or departments?
State of Washington, Office of Insurance Commissioner

6.5 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 [ ]

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

7.1 Has this 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]

7.2 If yes, give full information:

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 the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

9.1 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.

9.11 If the response to 9.1 is No, please explain:

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
The Company's Code of Conduct was updated in March 2010. A statement was added which notes each employee's responsibility for identifying, mitigating and reporting risks that put company assets, business or reputation in jeopardy

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .....

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

13. Amount of real estate and mortgages held in short-term investments: $.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 0	$ 0
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 0	$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Citibank	3800 Citibank Center, Building B, 2nd Floor, Tampa, FL 33610

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address
	Minster Court Asset Management Pty Limited	82 Pitt Street, Sydney, Australia

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

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [X] No [ ] N/A [ ]

   If yes, attach an explanation.

   See Note 25

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

   If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1	2	3	Total Discount				Discount Taken During Period			
			4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Disc. Rate	Unpaid Losses	Unpaid LAE	IBNR	Total	Unpaid Losses	Unpaid LAE	IBNR	Total
						0				0
Total	XXX	XXX	0	0	0	0	0	0	0	0

5. Operating Percentages:

   5.1 A&H loss percent 0.0 %

   5.2 A&H cost containment percent 0.0 %

   5.3 A&H expense percent excluding cost containment expenses 0.0 %

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (YES or NO)
All Other Insurers				
	AA-3190905	Aeolus Re Ltd.	Bermuda	NO
	AA-3190871	Lancashire Insurance Company Ltd.	Bermuda	NO
	AA-1120086	Lloyds Syndicate 4141	United Kingdom	YES
	AA-1126004	Lloyds Syndicate 4444	United Kingdom	YES
	AA-3190972	Sirius International Insurance Corp.	Bermuda	NO
	AA-1440076	Torus Insurance (Bermuda) Limited	Bermuda	NO

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

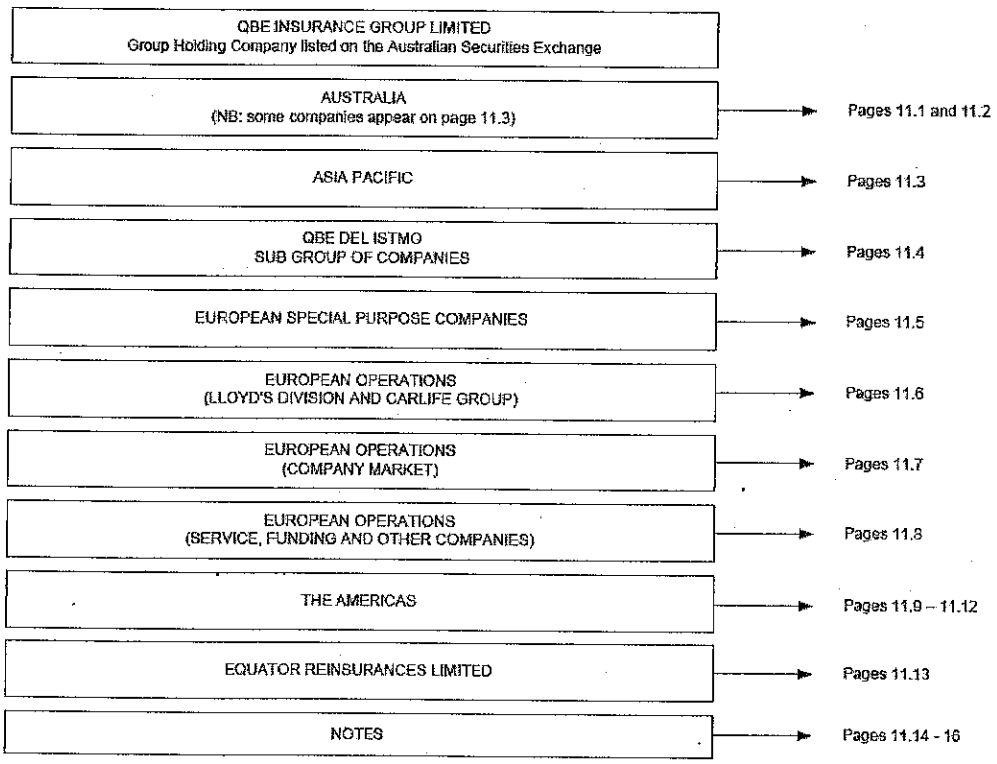
Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written 2 Current Year to Date	3 Prior Year to Date	Direct Losses Paid (Deducting Salvage) 4 Current Year to Date	5 Prior Year to Date	Direct Losses Unpaid 6 Current Year to Date	7 Prior Year to Date
1. Alabama AL	N					150,646	60,320
2. Alaska AK	N			150		7,288	6,569
3. Arizona AZ	L	297,631	343,463	336,156	92,307	210,742	72,544
4. Arkansas AR	N						
5. California CA	L	7,012,551	8,565,560	4,499,705	5,159,221	5,661,365	7,137,238
6. Colorado CO	L						
7. Connecticut CT	N						
8. Delaware DE	N						
9. District of Columbia DC	N						
10. Florida FL	N						
11. Georgia GA	N					13,722	16,420
12. Hawaii HI	N						
13. Idaho ID	L	1,186,559	1,181,670	379,618	1,485,953	503,552	672,317
14. Illinois IL	L						
15. Indiana IN	N						
16. Iowa IA	N						
17. Kansas KS	N						
18. Kentucky KY	N						
19. Louisiana LA	N						
20. Maine ME	N						
21. Maryland MD	N						
22. Massachusetts MA	N						
23. Michigan MI	N						
24. Minnesota MN	N						
25. Mississippi MS	N						
26. Missouri MO	N						
27. Montana MT	L	329,088	286,636	217,386	90,575	138,217	51,068
28. Nebraska NE	N						
29. Nevada NV	L		3,464				
30. New Hampshire NH	N						
31. New Jersey NJ	N						
32. New Mexico NM	N						
33. New York NY	L			22,201	5,775	121,627	164,594
34. North Carolina NC	L			3,831	1,820	165,509	283,533
35. North Dakota ND	N						
36. Ohio OH	L						
37. Oklahoma OK	N						
38. Oregon OR	L	2,225,284	2,340,631	552,891	1,641,697	1,143,006	858,458
39. Pennsylvania PA	N						
40. Rhode Island RI	N						
41. South Carolina SC	N						
42. South Dakota SD	N						
43. Tennessee TN	L						
44. Texas TX	N						
45. Utah UT	L	923,059	1,179,609	298,062	355,501	470,597	500,744
46. Vermont VT	N						
47. Virginia VA	N						
48. Washington WA	L	7,332,769	8,187,447	3,457,260	4,170,353	5,679,098	5,290,235
49. West Virginia WV	N						
50. Wisconsin WI	L						
51. Wyoming WY	N						
52. American Samoa AS	N						
53. Guam GU	N						
54. Puerto Rico PR	N						
55. US Virgin Islands VI	N						
56. Northern Mariana Islands MP	N						
57. Canada CN	N						
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59. Totals	(a) 15	19,306,941	22,087,480	9,767,160	13,003,302	14,265,389	15,104,040
DETAILS OF WRITE-INS							
5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0

(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.

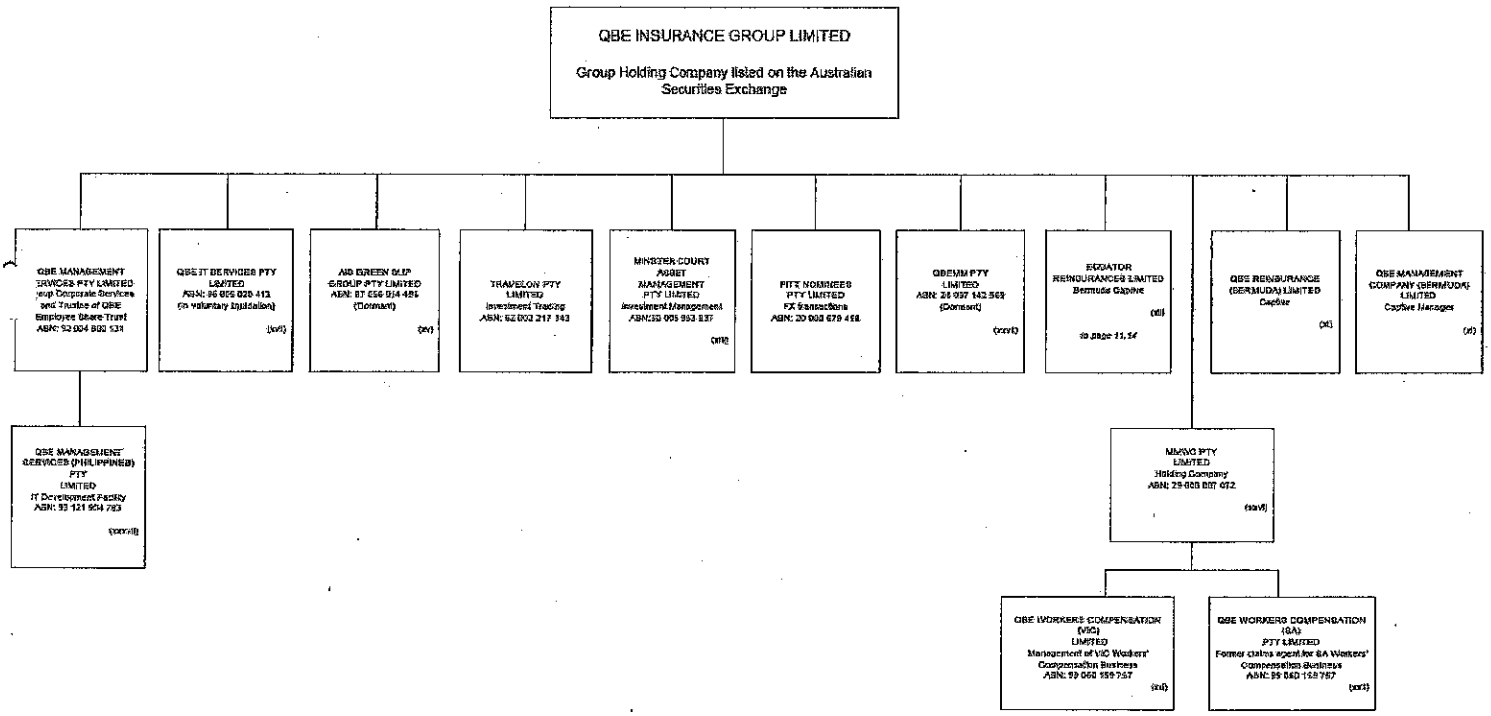
(a) Insert the number of L responses except for Canada and Other Alien.

GROUP AND REGIONAL STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

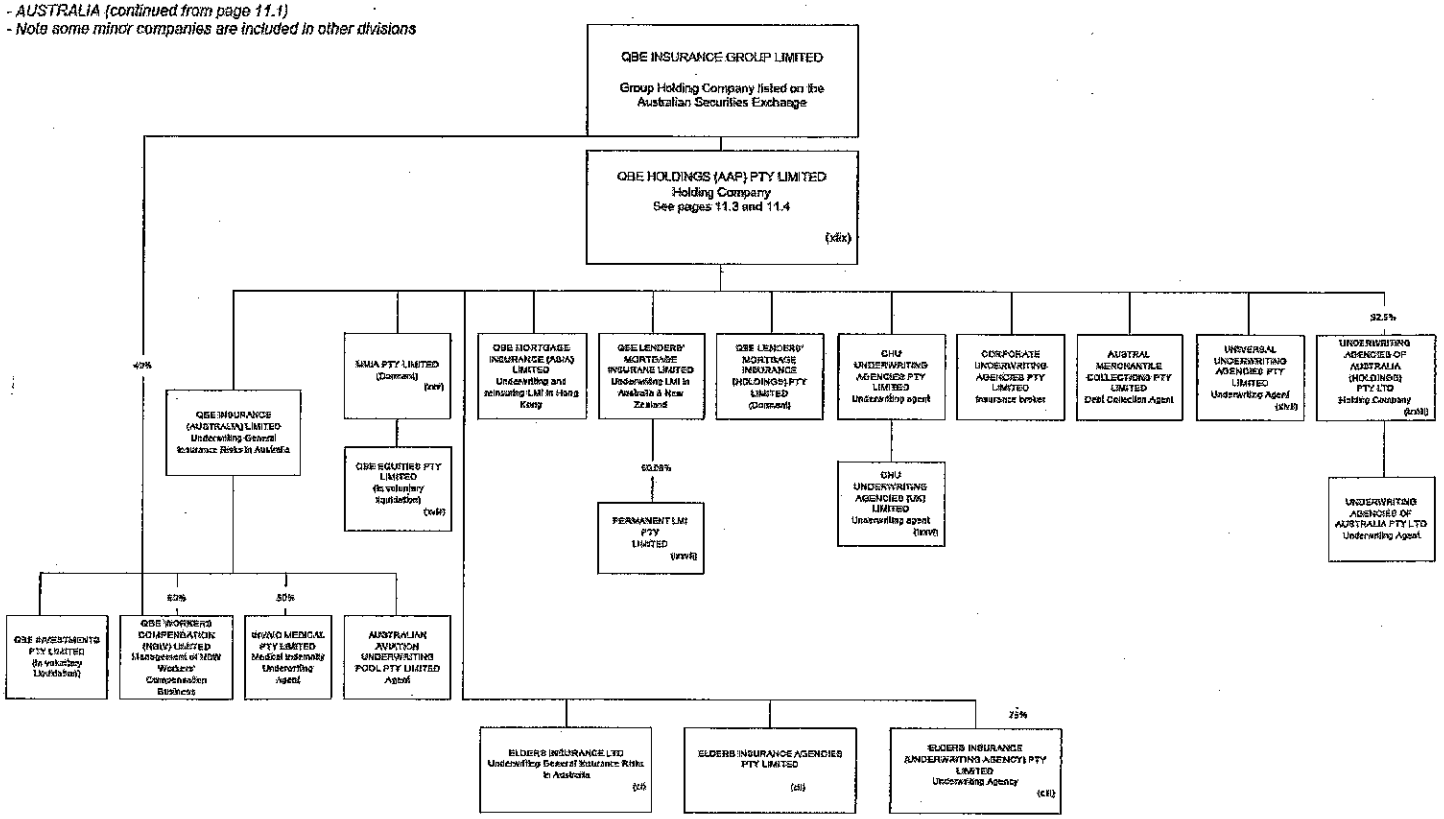
- AUSTRALIA (continued on page 11.2)
- Note some minor companies are included in other divisions



Statement for September 30, 2010 of the **Unigard Indemnity Company**

GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED & ITS SUBSIDIARIES AND ASSOCIATES

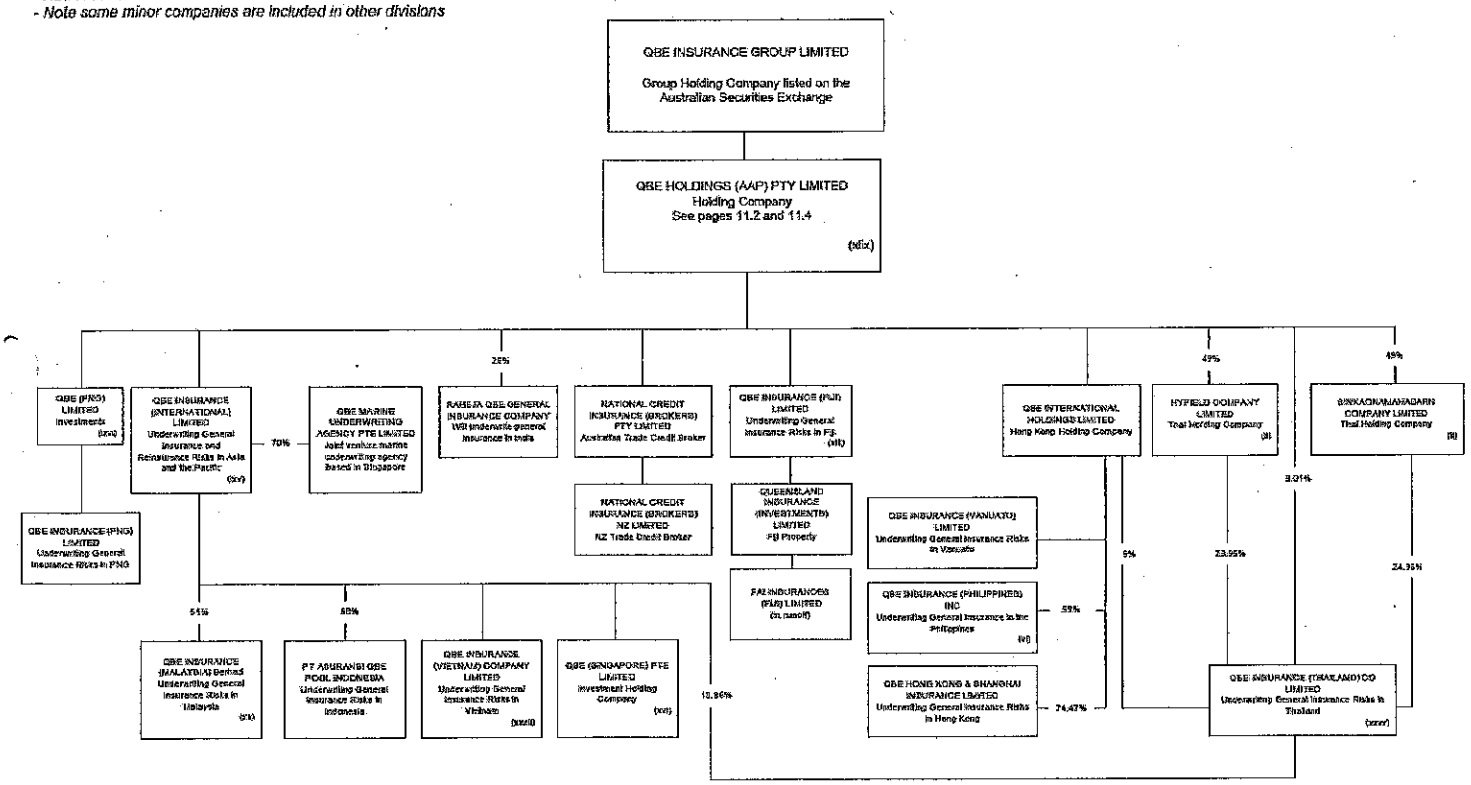
- AUSTRALIA (continued from page 11.1)
- Note some minor companies are included in other divisions



Statement for September 30, 2010 of the **Unigard Indemnity Company**

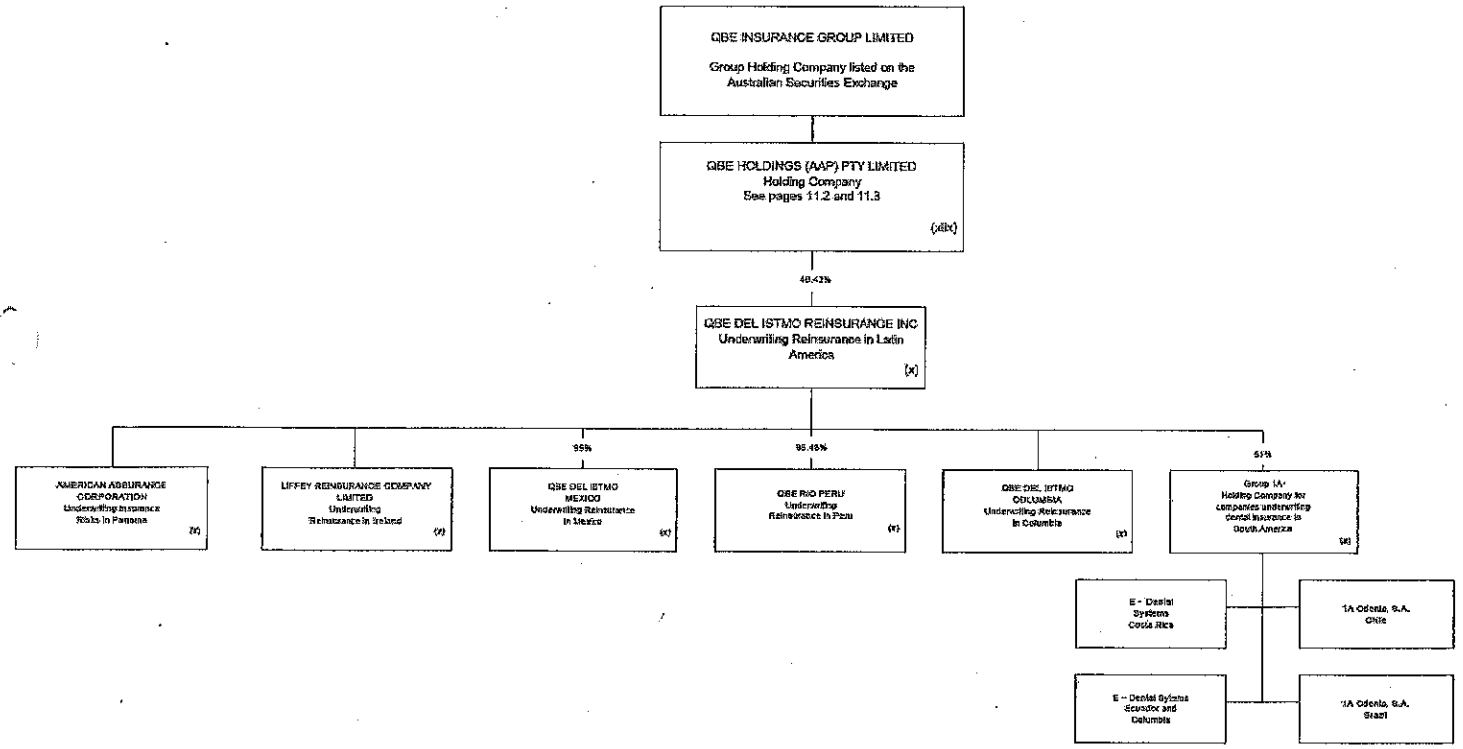
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- ASIA PACIFIC
- Note some minor companies are included in other divisions



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

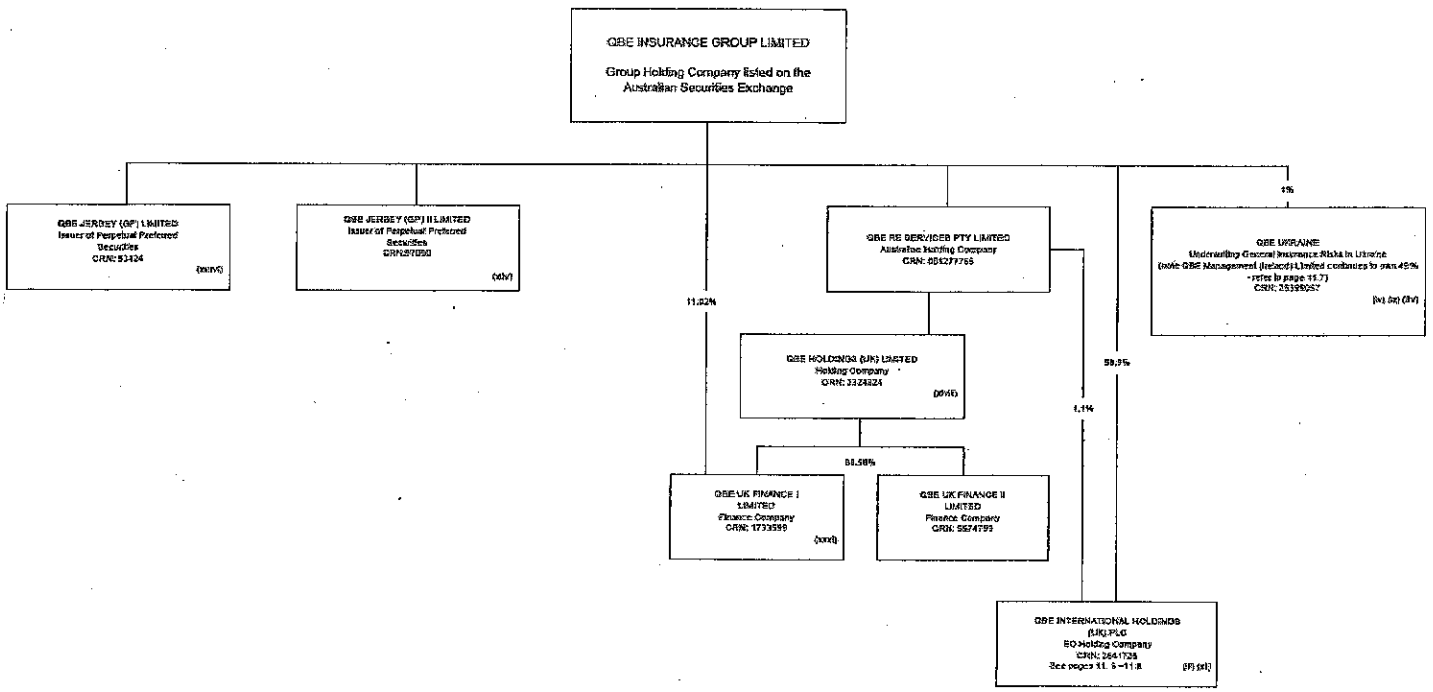
- QBE DEL ISTMO – SUB GROUP OF COMPANIES



Statement for September 30, 2010 of the **Unigard Indemnity Company**

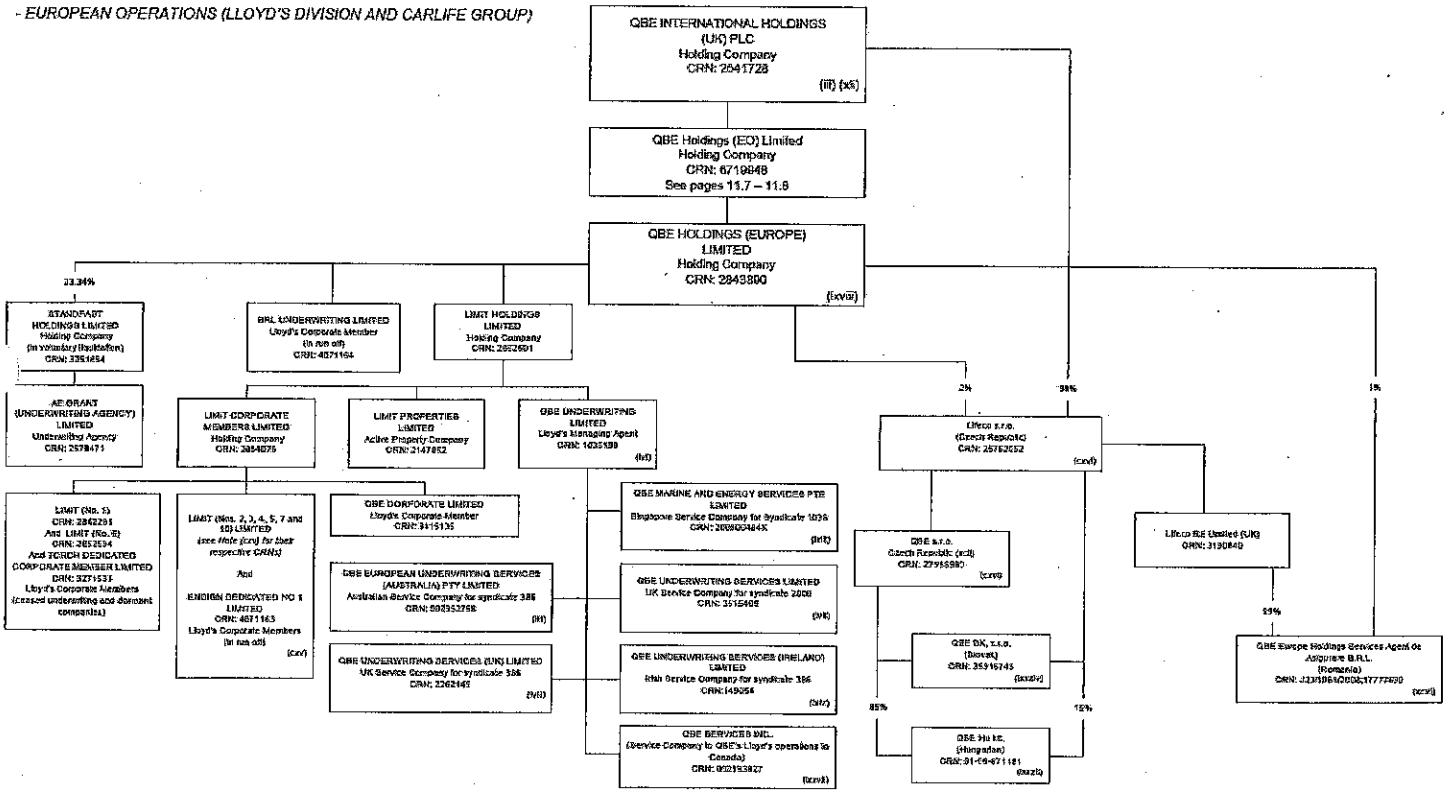
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN SPECIAL PURPOSE COMPANIES



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

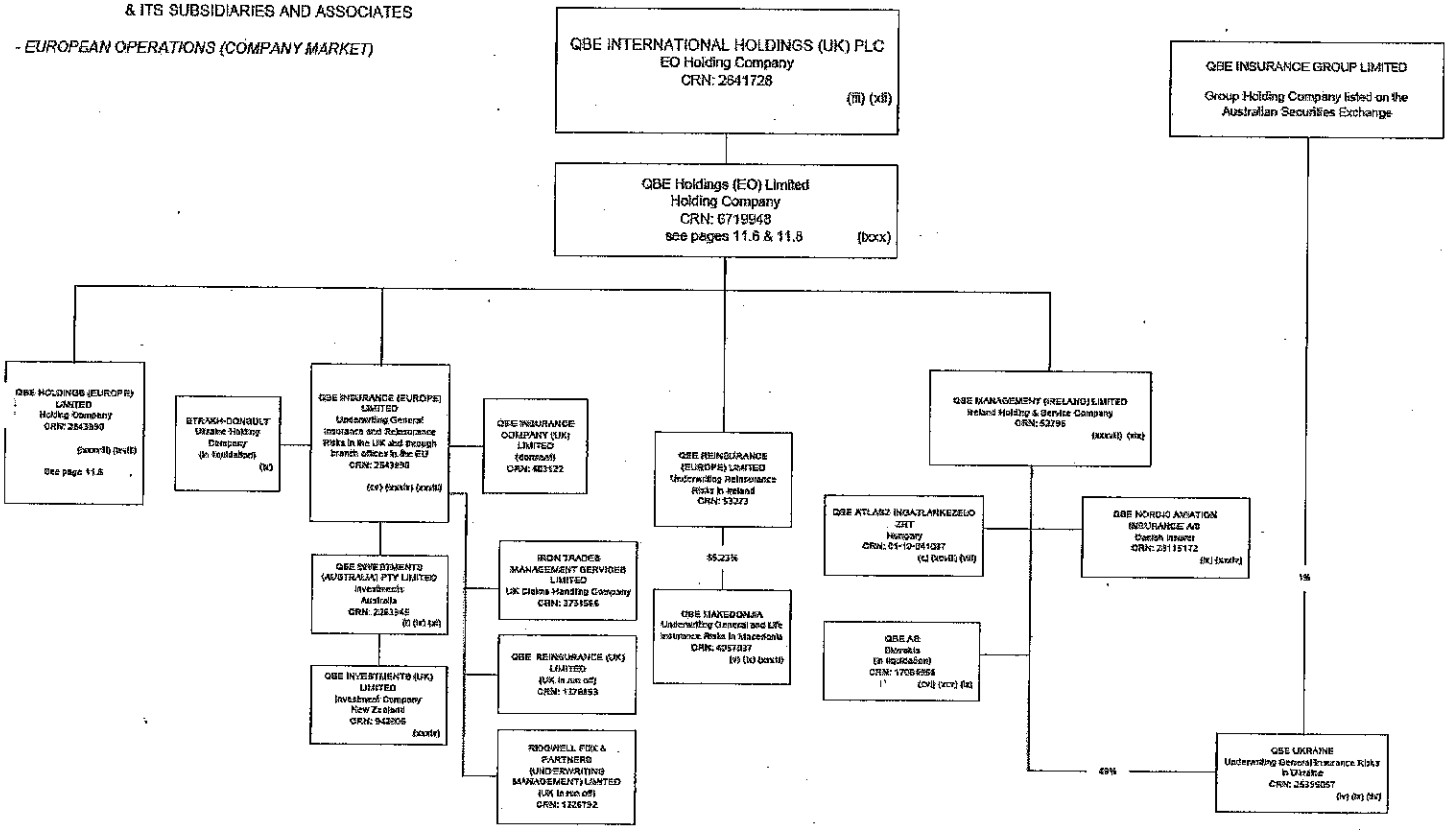
- EUROPEAN OPERATIONS (LLOYD'S DIVISION AND CARLIFE GROUP)



Statement for September 30, 2010 of the **Unigard Indemnity Company**

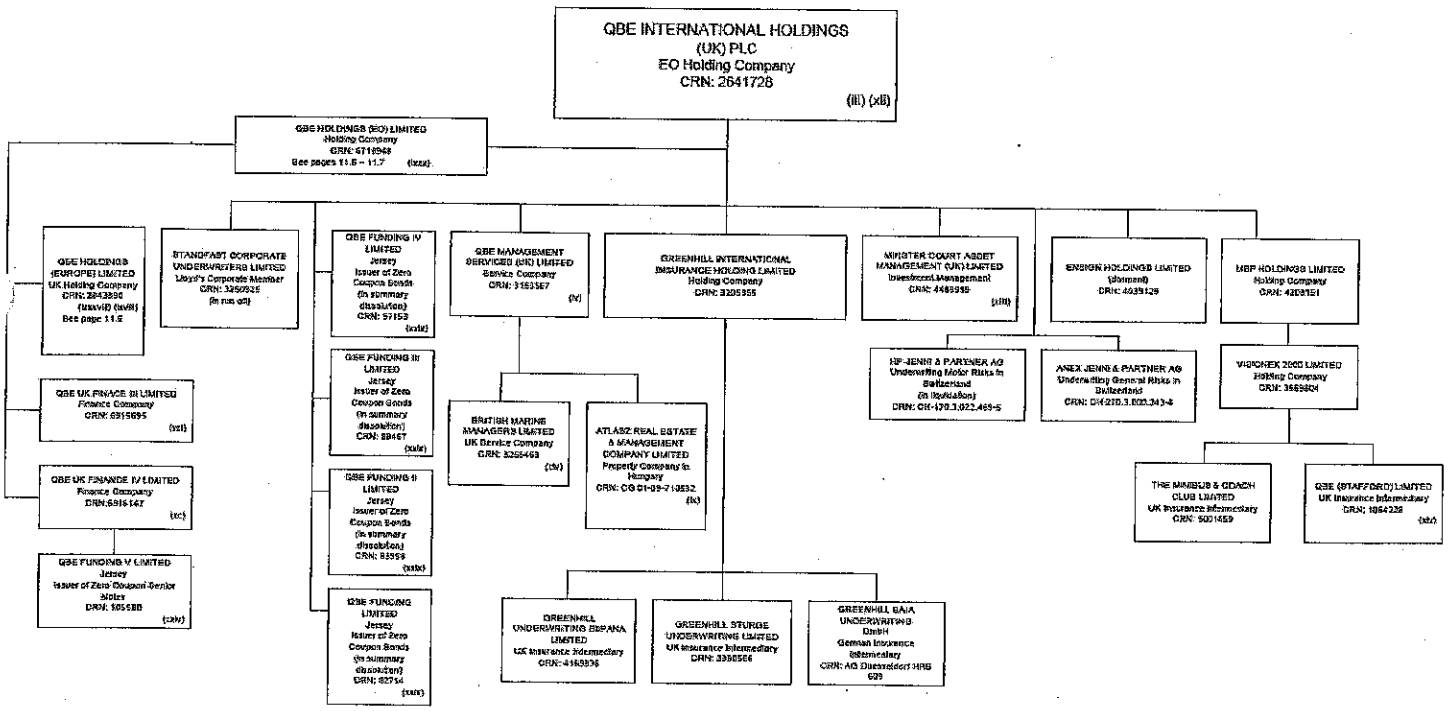
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (COMPANY MARKET)



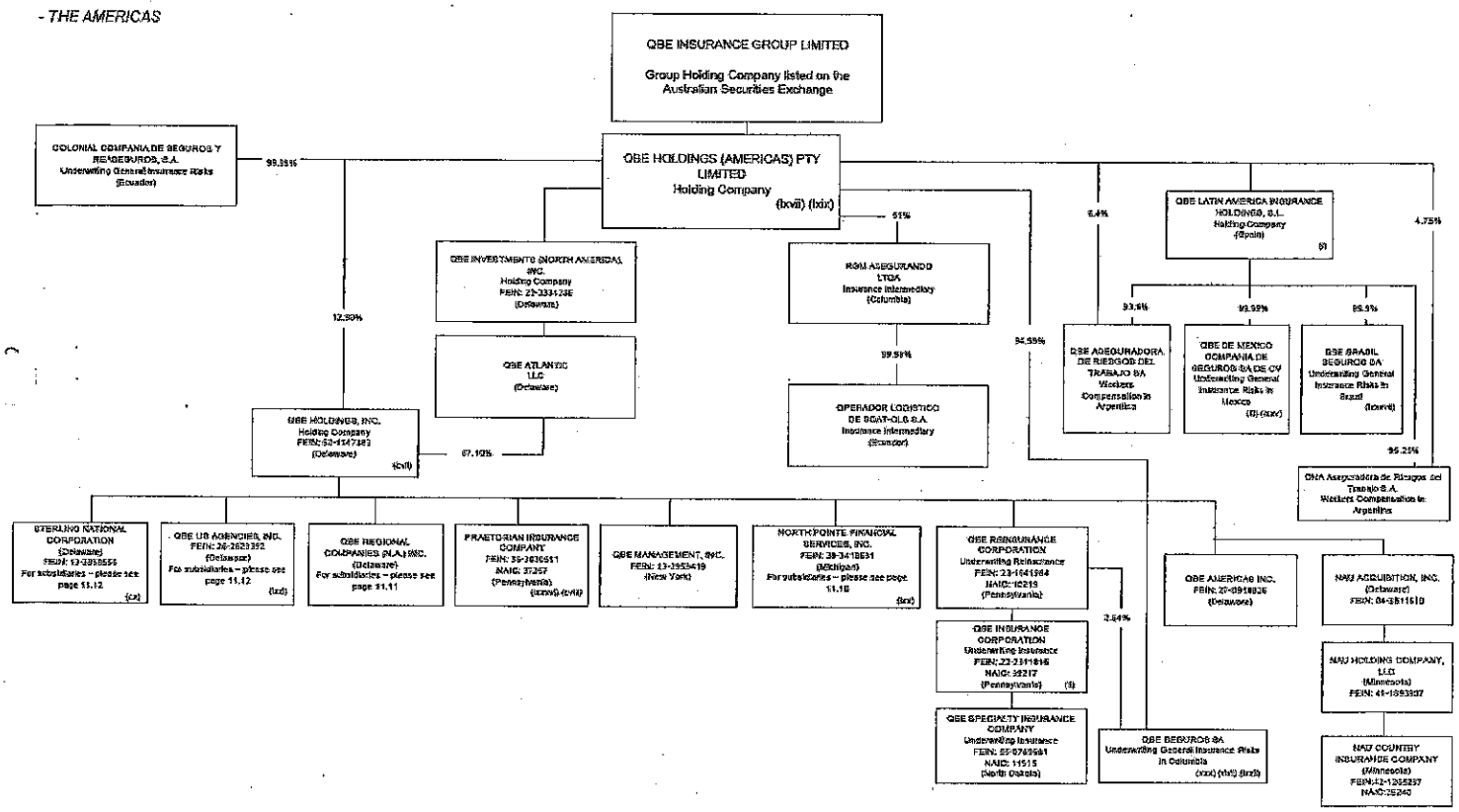
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EUROPEAN OPERATIONS (SERVICE, FUNDING AND OTHER COMPANIES)



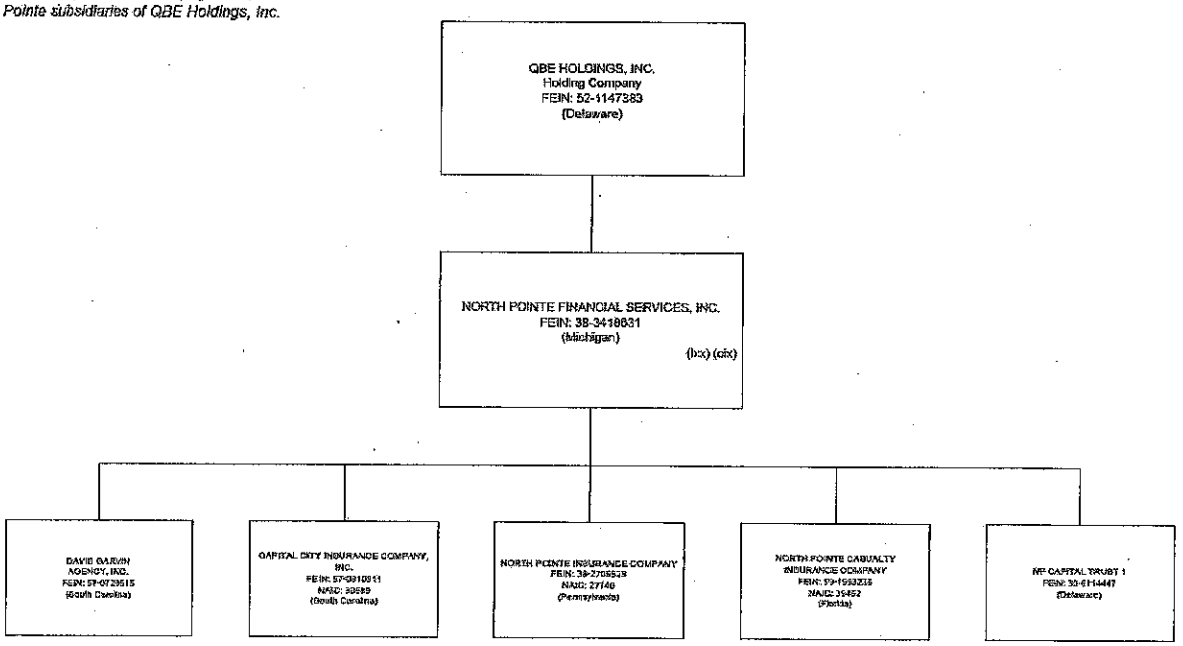
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS



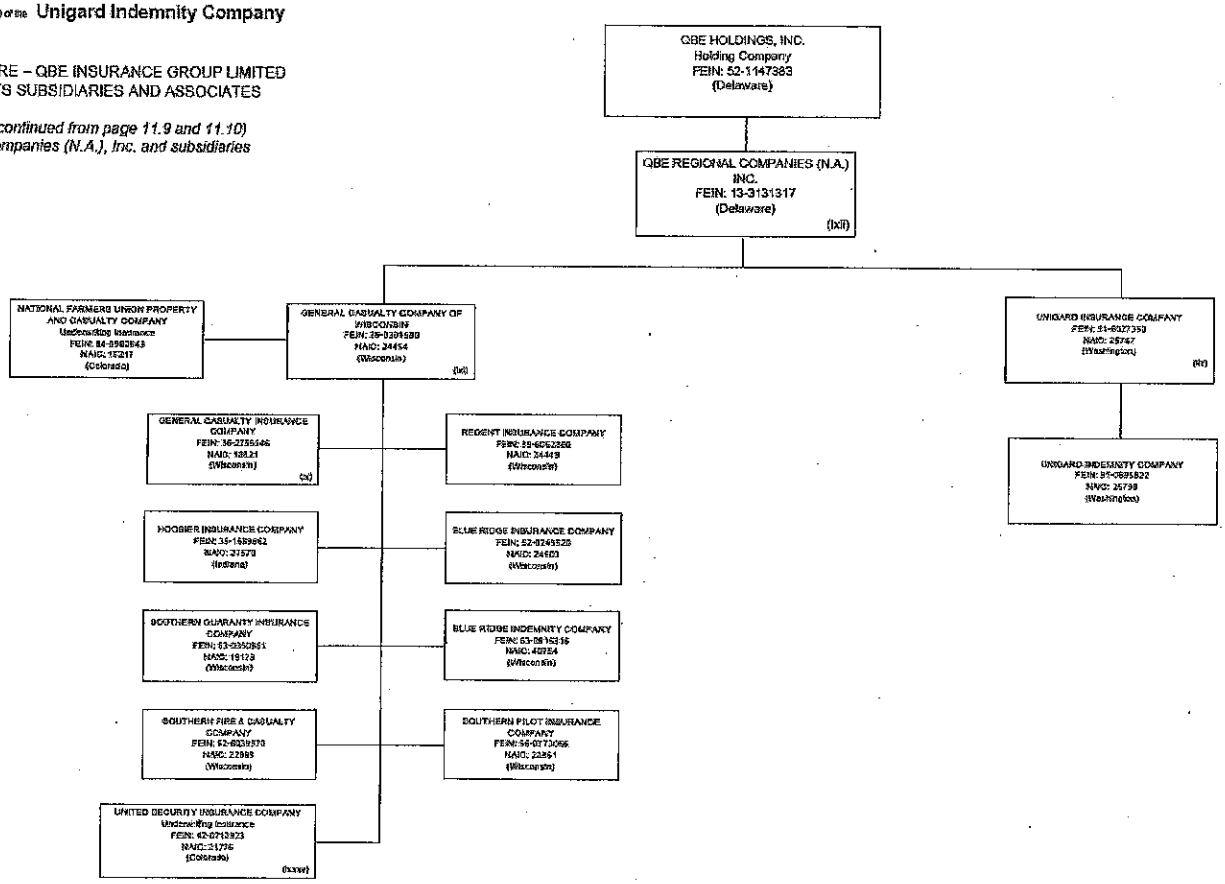
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9)
North Pointe subsidiaries of QBE Holdings, Inc.



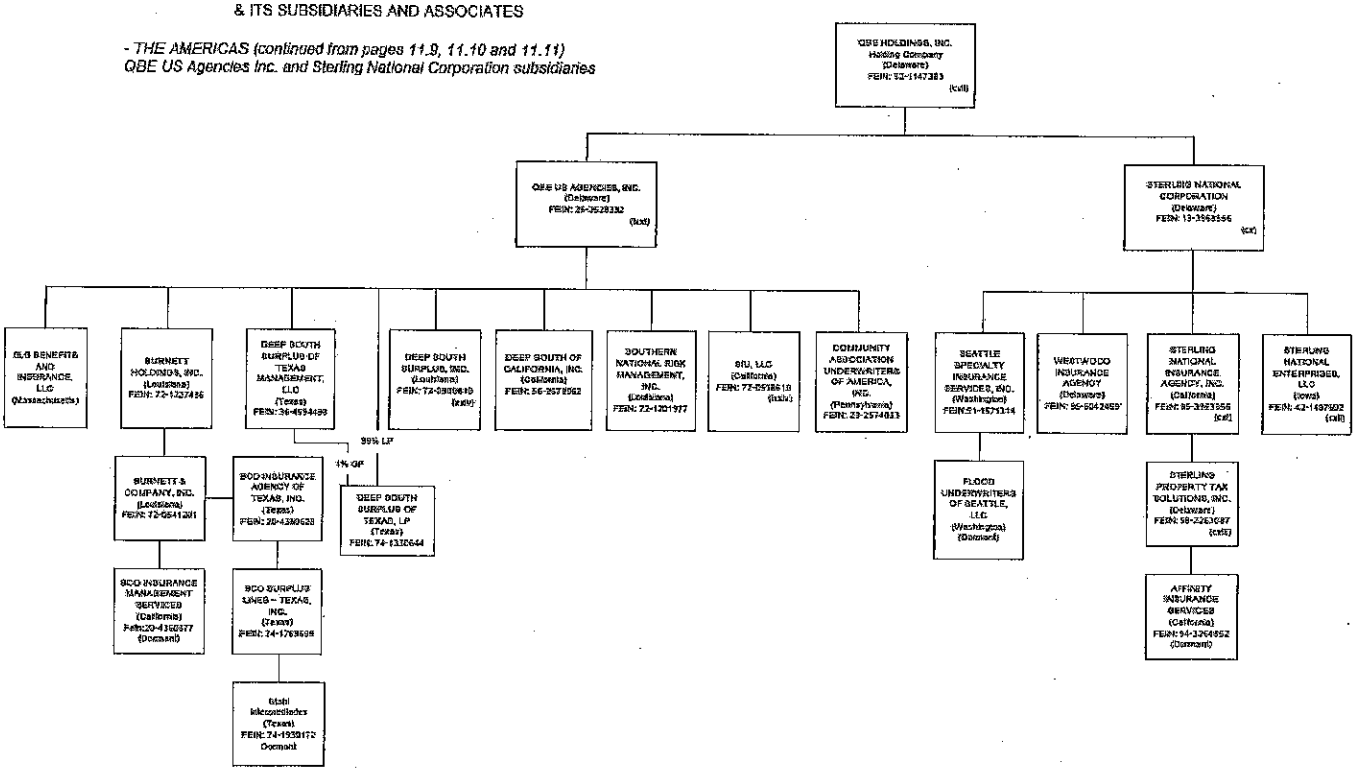
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from page 11.9 and 11.10)
QBE Regional Companies (N.A.), Inc. and subsidiaries



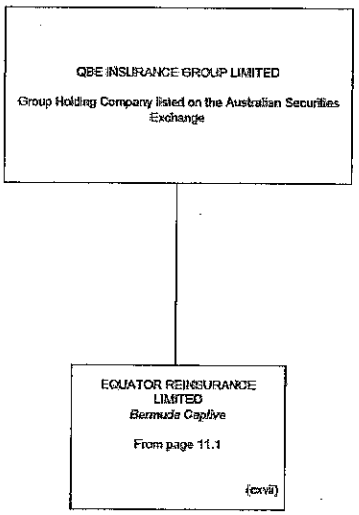
GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- THE AMERICAS (continued from pages 11.9, 11.10 and 11.11)
QBE US Agencies Inc. and Sterling National Corporation subsidiaries



GROUP STRUCTURE – QBE INSURANCE GROUP LIMITED
& ITS SUBSIDIARIES AND ASSOCIATES

- EQUATOR REINSURANCES



Notes to be read in conjunction with the QBE Group and Regional Structures (continued next page)

(i) - Access shares held by QBE Insurance Group Limited
(ii) - Unrelated Thai company (Born to Win Company Ltd) and its associates own 51% of shares.
(iii) - Preference shares held by QBE UK Finance II Limited
(iv) - Total Group Holdings = 60%
(v) - QBE has 73.5% of the voting rights with its shareholding
(vi) - 69% held directly; 16% held by a Filipino law firm
(vii) - Part of European Operations. Company changed name to QBE Allasz Biztosito ZRT (30 September 2005), then to Stefania Biztosito Zrt (1 January 2008) and then to QBE Allasz Ingatlankezelo Zrt (4 August 2008)
(ix) - Part of European Operations
(x) - Part of the Americas – sub-group includes QBE Del Istmo Mexico (85%), QBE Rio Peru (80%), QBE Del Itsmo Columbia (100%), American Assurance Corp. (100%), Group 1A (51%) and Seguros Caribobo SA Venezuela (15%) was previously part of this American sub-group until sold in 2006 to "Econoinvest" (a Venezuelan company).
(xi) - Part of the Americas
(xii) - Managed in Dublin as a separate division
(xiii) - Formerly Queensland Insurance (Fiji) Limited (20 April 2004)
(xiv) - Formerly Tolson Messenger Limited (2004)
(xv) - Formerly Australian Aviation Insurance Group (Agency) PTY Ltd (1 July 2004)
(xvi) - Formerly Zurich Insurance (Singapore) Pte Ltd (14 April 2005)
(xvii) - Formerly Insure IT Services Pty Ltd (05 November 2004)
(xviii) - Acquired the balance of Concord Agency Companies in July 2006 other than Underwriting Marketing Services Pty Limited
(xix) - Changed its name to QBE Kindlustuse Eesti AS on 20 April 2005 – acquired 7 April 2006
(xx) - Formerly QBE-MBF Insurance Berhad (31 December 2004)
(xxi) - Formerly Mercantile Mutual WorkSure Limited (14 February 2005)
(xxii) - Formerly Mercantile Mutual Insurance (SA Workers Compensation) Limited (14 February 2005)
(xxiii) - Formerly Mercantile Equities Pty Limited (8 March 2005)
(xxiv) - The following have merged with Deep South Surplus, Inc. (Louisiana): on 14 May 2009 – DSS of Georgia, Inc., DSS of Tennessee, Inc., DSS of Colorado, Inc., DSS of Ohio, Inc., DSS of Florida, Inc. and DS Connecticut, Inc.; on 26 May 2009 DSS of New Mexico, Inc.; on 22 September 2009, DSS of Arkansas, Inc.; and on 23 September 2009, DS of Oklahoma, Inc.
(xxv) - Formerly Mercantile Mutual Insurance (Australia) Limited (15 April 2005)
(xxvi) - Formerly Mercantile Mutual Insurance (Workers Compensation) Limited (15 April 2005)
(xxvii) - Formerly QBE Mercantile Mutual Limited (5 May 2005)
(xxviii) - Formerly QBE International Insurance Limited (30 September 2005)
(xxix) - SPVs utilised in LYONs and SCS transactions through, respectively, QBE Funding Trust (LYONs), QBE Funding Trust II (LYONs II), QBE Funding Trust III (SCS aka LYONs III) and QBE Funding Trust IV (LYONs IV)
(xxx) - Companie Central de Seguros de Vida SA, former subsidiary, was merged into Companie Central de Seguros SA on 30 November 2005
(xxxi) - Formerly Bondsale Limited (30 November 2006)
(xxxii) - Sale of 50% interest in separate legal entity, BIDV-QBE Insurance Company occurred simultaneously with this acquisition. Previously Allianz General Insurance (Vietnam) Co. Ltd. completed 1 Jan 2008
(xxxiii) - Formerly owned by QBE Insurance (Europe) Limited
(xxxiv) - Formerly Nordic Aviation Insurance A/S – completion occurred 30 March 2006
(xxxv) - Born to Win Company Ltd holds 19.25% directly
(xxxvi) - SPV utilised in Perpetual Preferred Securities issue through QBE Capital Funding LP
(xxxvii) - QBE Management Services (Philippines) Pty Ltd incorporated in NSW (26 September 2006)
(xxxviii) - Universal Management Limited changed its name to QBE Management (Ireland) Limited on 3 October 2006
(xxxix) - QBE Workable Limited changed its name to QBE Investments (UK) Limited on 20 December 2006
(xl) - Queensland Insurance (Australia) Pty Limited changed its name to QBE Investments (Australia) Pty Limited on 5 January 2007
(xli) - QBE Re Services Pty Ltd owns one ordinary share
(xlii) - QBE Finance Pty Limited changed its name to Minster Court Asset Management Pty Ltd on 2 February 2007
(xliii) - Minster Court Asset Management Limited changed its name to Minster Court Asset Management (UK) Limited on 19 February 2007
(xliv) - SPV utilised in April 2007 Perpetual Preferred Securities issue through QBE Capital Funding LP II
(xlv) - Minibus Plus Ltd changed its name to QBE (Stafford) Ltd on 9 July 2007
(xlvi) - Companie Central de Seguros changed its name to QBE Seguros SA on 31 March 2007
(xlvii) - Universal Underwriting Agencies Pty Limited acquired 31 August 2007
(xlviii) - QBE Holdings (UK) Limited now owns one ordinary share on 4 September 2007

Note: all shareholdings are 100% unless specified

(xlix) - QBE International (Investments) Pty Limited changed its name to QBE Holdings (AAP) Pty Limited on 12 September 2007
(l) - QBE Latin America Insurance Holdings, S.L. capitalised on 21 September 2007
(li) - QBE Insurance Corporation (the Americas) purchased the entire issued share capital of Cumbre Seguros de Mexico, S.A. de C.V. on 1 November 2007
(lii) - British Marine Holdings Limited changed its name to Equator Re (Australia) Limited on 14 November 2007
(liii) - DA Constable Syndicate Pty Limited changed its name to QBE European Underwriting Services Australia Pty Limited on 22 November 2007
(liv) - QBE – UGPB changed its name to QBE UKRAINE on 23 November 2007
(lv) - QBE Management (UK) Limited changed its name to QBE Management Services (UK) Limited on 31 December 2007
(lvi) - Limit Underwriting Limited changed its name to QBE Underwriting Limited on 31 December 2007
(lvii) - Limit Technology and Commercial Underwriting Limited changed its name to QBE Underwriting Services Limited on 31 December 2007
(lviii) - DA Constable Syndicate Limited changed its name to QBE Underwriting Services (UK) Limited on 31 December 2007
(lix) - Unigard Pacific Insurance Company merged into Unigard Insurance Company on 31 December 2007
(lx) - General Casualty Company of Illinois redomiciled to Wisconsin and changed its name to General Casualty Insurance Company on 31 December 2007
(lxi) - Mesawest Insurance Company merged into General Casualty Company of Wisconsin on 31 December 2007
(lxii) - Unigard Inc. QBE US Investment Management Corp., Republic Financial Services, Inc. (NV), Republic Financial Services, Inc. (TX), and QBE North American Management, Inc. merged into QBE Regional Companies (N.A.) Inc. on 31 December 2007
(lxiii) - QBE Marine and Energy Services PTE Limited incorporated in Singapore on 7 January 2008
(lxiv) - DA constable Syndicate (Ireland) Limited changed its name to QBE Underwriting Services (Ireland) Limited on 16 January 2008
(lxv) - Countries of operation include French Polynesia, Macau, New Caledonia, New Zealand, Singapore and Solomon Islands
(lxvi) - Ownership transferred from QBE Insurance Group Limited to QBE Holdings (AAP) Pty Limited on 13 March 2008
(lxvii) - 100% shareholding in then named QBE Australia Pty Limited was transferred from QBE Re Services Pty Limited to QBE Insurance Group Limited on 25 March 2008
(lxviii) - Limit PLC changed its name to QBE Holdings (Europe) Limited and was re-registered as a private company on 7 April 2008
(lxix) - QBE Australia Pty Limited changed its name to QBE Holdings (Americas) Pty Limited on 23 April 2008
(lxx) - North Pointe Holdings Corporation merged into North Pointe Financial Services, Inc. effective 1 October 2008
(lxxi) - QBE US Agencies Inc. incorporated on 16 April 2008, acquired Deep South companies on 2 June 2008
(lxxii) - 94.99% shareholding in QBE Seguros SA transferred to QBE Latin America Insurance Holdings, S.L. on 30 June 2008 – the remaining 2.34% owned by many minority shareholders
(lxxiii) - 90% of Sanderson Insurance Brokers Pty Limited (SIB) acquired on 1 July 2008 together with its wholly owned subsidiary, Underwriting Agencies of Australia Pty Limited. SIB changed its name to Underwriting Agencies of Australia (Holdings) Pty Ltd on 28 January 2009
(lxxiv) - QBE US Agencies acquired SIU, LLC on 1 July 2008
(lxxv) - Cumbre Compania de Seguros SA de CV changed its name to QBE de Mexico Compania de Seguros SA de CV on 5 August 2008
(lxxvi) - CHU Underwriting Agencies (UK) Ltd was incorporated on 27 August 2008
(lxxvii) - Permanent is a joint venture between QBE Lenders' Mortgage Insurance Limited ("QBE LMI") and Heritage Building Society ("Heritage") of which QBE LMI owns 50.1% and Heritage owns 49.9%. The joint venture operates in substance as a distribution vehicle through Heritage.
(lxxviii) - Incorporated on 1 January 2009
(lxxix) - Transfer effective 31 December 2008
(lxxx) - Incorporated under name of Hackremco (No. 2594) Limited on 9 October 08 and changed name to QBE Holdings (EO) Limited on 11 November 2008
(lxxxi) - QBE Pacific Insurance Limited was amalgamated with QBE Insurance (PNG) Limited on 1 December 2008 to become one entity named QBE Insurance (PNG) Limited
(lxxxii) - Carlife kft changed name to QBE Hu kft on 19 March 2009
(lxxxiii) - Carlife FMP s.r.o. and Credilife CZ s.r.o. merged into Carlife Direct s.r.o. on 19 March 2009
(lxxxiv) - Carlife SK, s.r.o. changed name to QBE SK, s.r.o. on 19 March 2009
(lxxxv) - Effective 1 January 2009 the company is a subsidiary of General Casualty Company of Wisconsin. This was done via an extraordinary dividend by National Farmers Union Property and Casualty Company
(lxxxvi) - Praetorian Specialty Insurance Company, i.e. a prior subsidiary of Praetorian Insurance Company was sold as of 17 February 2009. Praetorian Insurance Company redomiciled to Pennsylvania effective 29 July 2009
(lxxxvii) - The 0.01% (1 share) is owned by Alessandro Jarzynski (CEO of QBE Brazil)
(lxxxviii) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd on 3 July 2009
(lxxxix) - Transfer of 100% ownership from QBE International Holdings (UK) plc to QBE Holdings (EO) Ltd 3 July 2009
(xc) - Incorporated on 27 May 2009
(xci) - Incorporated on 27 May 2009
(xcii) - Carlife Direct s.r.o. changed its name to QBE s.r.o. on 7 April 2009
(xciii) - Business transferred to QBE Insurance (Europe) Ltd Hungary Branch on 1 October 2008
(xciv) - Business transferred to QBE Insurance (Europe) Ltd Estonia Branch on 1 November 2008
(xcv) - QBE Polskowa, a.s. changed its name to QBE, a.s. on 5 May 2008
(xcvi) - Carlife SRL changed its name to QBE Europe Holdings Agent de Asigurare S.R.L. on 18 May 2009
(xcvii) - Carlife Sp. Z.o.o. changed its name to QBE PL Sp. Z.o.o. on 9 March 2009

Statements to be read in conjunction with Group and Regional Structures (continued from previous page)

(xxviii) - Name changed from Stefanie Biztosito Zrt to QBE Allasz Ingatlankezelo Zrt on 4 August 2009
(xxix) - The following companies have dissolved: QBE Corporate Holdings Limited – 2 August 2009; QBE Corporate Capital Holdings plc – 2 August 2009; Energy Insurance Services Limited – 6 August 2009; Icon Schemes Limited – 6 August 2009
(xx) - Allasz Ueu Krt was de-registered on 3 August 2009
(xxi) - Acquired 30 September 2009
(xxii) - Acquired 30 September 2009
(xxiii) - Incorporated 14 August 2009. Joint Venture General Insurance Underwriting Agency – owned 75% by QBE Holdings (AAP) Pty Limited and 25% by Elders Rural Services Australia Limited.
(xxiv) - Transfer of ownership of British Marine Managers Ltd from Equator Re (Australia) Limited to QBE Management Services (UK) Limited on 26 January 2010
(xxv) - British Marine Holdings II S.A., British Marine holdings S.A. and British Marine Luxembourg S.A. merged into QBE Insurance (Europe) Limited on 31 March 2010 by Court Order
(xxvi) - Ceased underwriting business 3 June 2006. Now dormant company.
(xxvii) - Praetorian Financial Group Inc. (Delaware) merged into QBE Holdings, Inc. effective 31 March 2010
(xxviii) - Redland Insurance Company merged into Praetorian Insurance Company effective 31 March 2010
(xxix) - Capital City Holding Company, Inc. (South Carolina) merged into North Pointe Financial Services, Inc. on 1 January 2010
(xxx) - ZC Sterling Corporation name changed to Sterling National Corporation effective 22 February 2010
(xxxi) - ZC Sterling Insurance Agency, Inc. name changed to Sterling National Insurance Agency, Inc. effective 1 April 2010
(xxxii) - Bro Enterprises LLC name changed to Sterling National Enterprises, LLC effective 23 February 2010
(xxxiii) - ZC Real Estate Tax Solutions Limited name changed to Sterling Property Tax Solutions, Inc. effective 22 February 2010
(xxxiv) - QBE Funding V Limited incorporated on 26 April 2010 in Jersey
(xxxv) - Limit No. 2 CRN: 2842277, Limit No. 3 CRN: 2842272, Limit No. 4 CRN: 2852608, Limit No. 5 CRN: 2852600, Limit No. 7 CRN: 2852608, Limit No. 10 CRN: 2852604.
(xxxvi) - QBE PL Sp. Z.o.o. disposed on 14 May 2010 to third party
(xxxvii) - Equator Re (Australia) Limited was amalgamated with Equator Re Reinsurances Limited on 11 June 2010

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date 1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	4 Prior Year to Date Direct Loss Percentage
1. Fire	96,608	(6,557)	(6.8)	1.6
2. Allied lines	62,518	(331)	(0.5)	(69.3)
3. Farmowners multiple peril			0.0	
4. Homeowners multiple peril	17,797,346	7,336,912	41.2	48.8
5. Commercial multiple peril	1,244,548	380,997	30.6	110.2
6. Mortgage guaranty			0.0	
8. Ocean marine			0.0	
9. Inland marine	456,686	169,657	37.1	21.7
10. Financial guaranty			0.0	
11.1. Medical professional liability - occurrence			0.0	
11.2. Medical professional liability - claims-made			0.0	
12. Earthquake	69	(2)	(2.9)	1.8
13. Group accident and health			0.0	
14. Credit accident and health			0.0	
15. Other accident and health			0.0	
16. Workers' compensation		16,982	0.0	
17.1 Other liability-occurrence	195,506	141,439	72.3	(20.2)
17.2 Other liability-claims made			0.0	
17.3 Excess workers' compensation			0.0	
18.1 Products liability-occurrence	17,624	10,053	57.0	(2.9)
18.2 Products liability-claims made			0.0	
19.1, 19.2 Private passenger auto liability	(6)	(35,058)	584,300.0	
19.3, 19.4 Commercial auto liability	610,705	191,535	31.4	19.0
21. Auto physical damage	184,405	(3,337)	(1.8)	67.2
22. Aircraft (all perils)			0.0	
23. Fidelity	284	34	12.0	(76.7)
24. Surety			0.0	
26. Burglary and theft	112	90	80.4	(102.7)
27. Boiler and machinery			0.0	
28. Credit			0.0	
29. International			0.0	
30. Warranty			0.0	
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0.0	
35. Totals	20,666,404	8,292,414	39.7	51.8
DETAILS OF WRITE-INS				
3401.			0.0	
3402.			0.0	
3403.			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire	33,885	73,026	98,133
2. Allied lines	27,749	46,452	62,045
3. Farmowners multiple peril			
4. Homeowners multiple peril	8,333,186	17,228,526	18,782,291
5. Commercial multiple peril	226,675	935,102	1,688,560
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	151,274	429,123	500,608
10. Financial guaranty			
11.1 Medical professional liability - occurrence			
11.2 Medical professional liability - claims made			
12. Earthquake		13	
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence	52,943	164,780	203,900
17.2 Other liability-claims made			
17.3 Excess workers' compensation			
18.1 Products liability-occurrence	958	12,119	15,335
18.2 Products liability-claims made			
19.1 19.2 Private passenger auto liability			
19.3 19.4 Commercial auto liability	48,651	292,450	522,642
21. Auto physical damage	24,337	124,884	213,952
22. Aircraft (all perils)			
23. Fidelity	163	316	154
24. Surety			
26. Burglary and theft		150	150
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-nonproportional assumed property	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business	0	0	0
35. Totals	6,899,821	19,306,941	22,087,480
DETAILS OF WRITE-INS			
3401.			
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34)	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	1 Prior Year-End Known Case Loss and LAE Reserves	2 Prior Year-End IBNR Loss and LAE Reserves	3 Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	4 2010 Loss and LAE Payments on Claims Reported as of Prior Year-End	5 2010 Loss and LAE Payments on Claims Unreported as of Prior Year-End	6 Total 2010 Loss and LAE Payments (Cols. 4 + 5)	7 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	8 Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	9 Q.S. Date IBNR Loss and LAE Reserves	10 Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	11 Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	12 Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	13 Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2007 + Prior	12,447	3,868	16,315	3,916	78	3,994	8,746	359	3,100	12,205	215	(331)	(116)
2. 2008	4,697	1,029	6,722	1,436	26	1,462	3,597	136	808	4,533	336	(63)	273
3. Subtotals 2008 + Prior	17,144	4,893	22,037	5,352	104	5,456	12,343	495	3,909	16,738	551	(394)	157
4. 2009	5,118	3,015	8,133	3,039	540	3,579	8,752	627	1,248	5,627	573	(600)	73
5. Subtotals 2009 + Prior	23,262	7,908	31,170	8,391	644	9,035	16,095	1,122	5,148	22,365	1,224	(994)	230
6. 2010	XXX	XXX	XXX	XXX	7,620	7,620	XXX	4,969	2,049	7,018	XXX	XXX	XXX
Totals	23,262	7,908	31,170	8,391	8,264	16,655	16,095	6,091	7,197	29,383	1,224	(994)	230
8. Prior Year-End's Surplus As Regards Policyholders	22,349										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 5.3 %	2. (12.6)%	3. 0.7 %
													Col. 13, Line 7 Line 8
													4. 1.0 %

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.
2.
3.

Bar Code:

Overflow Page for Write-Ins

Additional Write-Ins for Statement of Income:

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
3704. Pension transfer valuation adjustment	(1,282,074)		
3797. Summary of remaining write-ins for Line 37	(1,282,074)	0	0

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	18,931,294	23,652,550
2. Cost of bonds and stocks acquired	4,397,724	13,022,420
3. Accrual of discount	3,945	26,260
4. Unrealized valuation increase (decrease)	(897,285)	2,230,817
5. Total gain (loss) on disposals	428,042	(1,123,989)
6. Deduct consideration for bonds and stocks disposed of	14,721,980	18,312,288
7. Deduct amortization of premium	9,979	50,827
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	106,212	513,669
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	8,026,549	18,931,294
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	8,026,549	18,931,294

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	44,238,952	32,995,190	27,009,000	(120,075)	43,610,029	44,238,952	50,114,067	35,075,196
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	44,238,952	32,995,190	27,009,000	(120,075)	43,610,029	44,238,952	50,114,067	35,075,196
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	44,238,952	32,995,190	27,009,000	(120,075)	43,610,029	44,238,952	50,114,067	35,075,196

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $....42,088,523; NAIC 2 $....0; NAIC 3 $....0; NAIC 4 $....0; NAIC 5 $....0; NAIC 6 $....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999 Totals	31,090,626	XXX	31,323,862	290,834	64,202

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	23,172,332	2,984,743
2. Cost of short-term investments acquired	34,237,108	36,063,860
3. Accrual of discount	21,023	39,664
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	86	45
6. Deduct consideration received on disposals	26,099,915	15,812,414
7. Deduct amortization of premium	240,008	3,566
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	31,090,626	23,172,332
11. Deduct total nonadmitted amounts		457,105
12. Statement value at end of current period (Line 10 minus Line 11)	31,090,626	22,715,228

Sch. DB-Pt A-Verification
NONE

Sch. DB-Pt B-Verification
NONE

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	(0)	0
2. Cost of cash equivalents acquired	57,988,149	1,999,164
3. Accrual of discount	9,748	846
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	47,000,000	2,000,000
7. Deduct amortization of premium		
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	10,997,897	(0)
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	10,997,897	(0)

Sch. A-Pt 2
NONE

Sch. A-Pt 3
NONE

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

Sch. BA-Pt 2
NONE

Sch. BA-Pt 3
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous									
35903G AQ 4	General elec cap corp 1.875% 16/09/2013		09/23/2010	CSFB London		1,003,740	1,000,000	625	1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					1,003,740	1,000,000	625	XXX
8399997.	Total - Bonds - Part 3					1,003,740	1,000,000	625	XXX
8399999.	Total - Bonds					1,003,740	1,000,000	625	XXX
9099999.	Total - Bonds, Preferred and Common Stocks					1,003,740	1,000,000	625	XXX
						1,003,740	XXX	625	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues. ..... 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value 11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other-Than-Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.	16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Desig-nation or Market Indicator (a)
Common Stocks - Industrial and Miscellaneous																					
002824 10 0	Abbott Laboratories		07/01/2016	Transfers	2,450.000	113,827	XXX	129,419	132,226	(2,856)			(2,856)		129,419		(15,592)	(15,592)	1,029	XXX	3
00724F 10 1	Adobe Systems Inc		07/01/2016	Transfers	3,220.000	87,178	XXX	84,213	190,271	(56,057)			(56,057)		134,213		22,965	22,965		XXX	3
025816 10 9	American express co		07/01/2016	Transfers	2,360.000	94,352	XXX	109,237					0		109,237		(14,850)	(14,850)	439	XXX	L
029912 20 1	American tower corp-cl a		07/01/2016	Transfers	1,740.000	76,732	XXX	76,732					0		76,732		(65)	(65)		XXX	L
02665E 10 9	Americasmortgage corp		07/01/2016	Transfers	3,000.000	91,545	XXX	95,110					0		95,110		(3,565)	(3,565)		XXX	L
032095 10 1	Amphenol corp-cl a		07/01/2016	Transfers	2,140.000	84,594	XXX	97,606					0		97,606		(13,012)	(13,012)	32	XXX	L
037411 10 5	Apache Corp		07/01/2016	Transfers	3,250.000	184,140	XXX	168,229	226,974	(66,745)			(66,745)		168,229		25,911	25,911	330	XXX	L
037833 10 0	Apple Inc		07/01/2016	Transfers	1,260.000	318,654	XXX	116,903	269,737	(152,834)			(152,834)		116,903		201,752	201,752		XXX	L
060505 10 4	Bank of america corp		07/01/2016	Transfers	14,960.000	209,599	XXX	187,803	225,147	(37,344)			(37,344)		187,803		21,796	21,796	150	XXX	L
14149Y 10 8	Cardinal health inc		07/01/2016	Transfers	2,250.000	175,707	XXX	175,453	172,454	3,999			3,999		176,453		3,224	3,224	965	XXX	L
166764 10 0	Chevron corp		07/01/2016	Transfers	2,370.000	156,928	XXX	193,685	182,485	(11,218)			(11,218)		193,685		(33,757)	(33,757)	1,664	XXX	L
191216 10 0	Coca-Cola Co/The		07/01/2016	Transfers	2,100.000	155,063	XXX	125,024	119,700	5,324			5,324		125,024		(18,961)	(18,961)	924	XXX	L
291011 10 4	Emerson Electric Co		07/01/2016	Transfers	2,320.000	105,364	XXX	73,690	96,632	(22,942)			(22,942)		73,690		25,674	25,674	776	XXX	L
2310 10 2	Exxon mobil corp		07/01/2016	Transfers	4,080.000	287,969	XXX	249,210	276,215	(29,005)			(29,005)		249,210		(18,240)	(18,240)	3,758	XXX	L
369604 10 3	General Electric Co		07/01/2016	Transfers	10,060.000	142,847	XXX	144,554	152,208	(7,654)			(7,654)		144,554		(2,017)	(2,017)	3,006	XXX	L
38259P 50 8	Google Inc-Cl A		07/01/2016	Transfers	230.000	181,283	XXX	122,311	142,836	(20,525)			(20,525)		120,311		(21,228)	(21,228)		XXX	L
406216 10 1	Halliburton co		07/01/2016	Transfers	1,560.000	58,731	XXX	37,035	58,676	(21,673)			(21,673)		37,003		11,708	11,708	176	XXX	L
606497 10 2	Harry schein inc		07/01/2016	Transfers	1,210.000	85,981	XXX	71,472					0		71,472		(5,497)	(5,497)		XXX	L
428236 10 3	Hewlett-Packard Co		07/01/2016	Transfers	3,860.000	122,965	XXX	135,009	147,349	(12,299)			(12,299)		135,009		(12,355)	(12,355)	229	XXX	L
437076 10 2	Home depot inc		07/01/2016	Transfers	1,350.000	174,452	XXX	112,587	125,845	(13,318)			(13,318)		112,587		6,926	6,926	1,028	XXX	L
445658 10 7	Hunt (jb) transport svcs inc		07/01/2016	Transfers	2,370.000	94,828	XXX	89,833					0		89,833		(5,058)	(5,058)	344	XXX	L
452308 10 9	Illinois tool works		07/01/2016	Transfers	1,560.000	69,006	XXX	55,719	79,663	(23,945)			(23,945)		55,719		13,288	13,288	515	XXX	L
458140 10 0	Intel Corp		07/01/2016	Transfers	5,640.000	185,578	XXX	105,455	115,955	(9,571)			(9,571)		105,455		3,065	3,065	859	XXX	L
46625H 10 0	Jpmorgan chase & co		07/01/2016	Transfers	6,740.000	229,169	XXX	250,556	264,603	(14,047)			(14,047)		250,556		(21,450)	(21,450)	916	XXX	L
482555 10 4	Kohl's Corp		07/01/2016	Transfers	2,240.000	104,999	XXX	109,001	130,803	(20,802)			(20,802)		109,001		8,997	8,997		XXX	L
500255 10 4	Kohl foods inc-class a		07/01/2016	Transfers	5,280.000	147,840	XXX	155,916					0		155,916		(8,076)	(8,076)	1,533	XXX	L
501044 10 1	Kroger co		07/01/2016	Transfers	7,120.000	142,471	XXX	154,622	146,174	18,448			18,448		164,622		(22,151)	(22,151)	676	XXX	L
53217V 10 9	Life technologies corp		07/01/2016	Transfers	2,250.000	164,691	XXX	119,236					0		119,236		(14,578)	(14,578)		XXX	L
594918 10 4	Microsoft Corp		07/01/2016	Transfers	6,310.000	145,140	XXX	182,010	192,329	(10,318)			(10,318)		182,010		(36,870)	(36,870)	826	XXX	L
690768 40 3	Owens-illinois inc		07/01/2016	Transfers	3,850.000	94,008	XXX	111,552	116,649	(4,737)			(4,737)		111,552		(17,544)	(17,544)		XXX	L
713291 10 3	Pitney-bowes inc		07/01/2016	Transfers	1,420.000	106,079	XXX	110,604					0		110,604		(2,588)	(2,588)		XXX	L
718172 10 9	Philip morris international		07/01/2016	Transfers	12,920.000	182,429	XXX	206,675	233,195	(26,520)			(26,520)		206,675		(24,247)	(24,247)	2,308	XXX	L
693475 10 5	Pnc financial services group		07/01/2016	Transfers	3,920.000	169,476	XXX	197,232	188,866	8,366			8,366		197,232		(14,816)	(14,816)	1,716	XXX	L
693506 10 7	Ppg industries inc		07/01/2016	Transfers	2,320.000	131,226	XXX	88,581	123,001	(34,420)			(34,420)		88,581		42,645	42,645	933	XXX	L
			07/01/2016	Transfers	1,800.000	115,385	XXX	90,419	110,641	(20,222)			(20,222)		90,419		24,966	24,966	1,021	XXX	L

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value 11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other-Than-Temporary Impairment Recognized	14 Total Change in B.A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B.A.C.V.	16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)
126650 10 6	Kaiser Industries Inc		07/01/2010	Transfers	2,625.000	156,188	XXX	175,164	148,469	26,695			26,695		175,164		(18,943)	(18,943)	269	XXX	L
053244 10 9	Starbucks corp		07/01/2010	Transfers	7,100.000	175,665	XXX	319,211	163,736	(44,515)			(44,515)		119,218		56,675	56,675	710	XXX	L
87612E 10 6	Target Corp		07/01/2010	Transfers	1,620.000	75,402	XXX	84,319					0		84,319		(8,912)	(8,912)	259	XXX	L
907818 10 8	Union pacific corp		07/01/2010	Transfers	2,150.000	145,966	XXX	117,154	124,829	(17,675)			(17,675)		117,154		29,513	29,513	612	XXX	L
913017 10 9	United Technologies Corp		07/01/2010	Transfers	2,540.000	133,856	XXX	140,595	147,595	(1,500)			(1,500)		140,095		(6,741)	(6,741)	867	XXX	L
911312 10 6	United parcel service-cl b		07/01/2010	Transfers	1,200.000	69,600	XXX	75,161	68,844	6,317			6,317		75,161		(5,561)	(5,561)	564	XXX	L
913903 10 9	Universal health services-b		07/01/2010	Transfers	3,940.000	146,439	XXX	163,627					0		153,627		(7,216)	(7,216)	196	XXX	L
917047 10 2	Urban outfitters inc		07/01/2010	Transfers	2,060.000	73,329	XXX	76,994					0		76,994		(3,674)	(3,674)		XXX	L
902973 30 4	Us bancorp		07/01/2010	Transfers	6,870.000	153,407	XXX	171,660					0		171,660		(18,253)	(18,253)	344	XXX	L
92343V 10 4	Verizon Communications Inc		07/01/2010	Transfers	3,540.000	102,393	XXX	126,966	120,593	5,366			5,366		126,960		(24,566)	(24,566)	1,329	XXX	L
92826C 83 9	Visa inc-class a shares		07/01/2010	Transfers	2,510.000	182,979	XXX	169,629	216,525	(53,596)			(53,596)		163,929		19,050	19,050	313	XXX	L
954687 10 5	Wall street calibe		07/01/2010	Transfers	4,450.000	141,999	XXX	97,715	144,883	(47,068)			(47,068)		97,715		43,676	43,676	1,672	XXX	L
941848 10 3	Waters corp		07/01/2010	Transfers	2,560.000	162,714	XXX	157,792	158,678	(848)			(848)		157,780		4,914	4,914		XXX	L
949746 10 1	Wells Fargo & Company		07/01/2010	Transfers	5,152.000	139,463	XXX	94,972	139,862	(44,891)			(44,891)		94,972		35,511	35,511	599	XXX	L
284502 10 4	The zweiger inc		07/01/2010	Transfers	1,200.000	126,375	XXX	138,653					0		138,653		(8,178)	(8,178)	252	XXX	L
9099999	Total - Common Stocks - Industrial & Miscellaneous					5,583,473	XXX	5,409,840	5,584,573	(734,843)	0	0	(734,843)	0	5,409,840	0	173,633	173,633	29,284	XXX	XXX
9799997	Total - Common Stocks - Part 4					5,583,473	XXX	5,409,840	5,584,573	(734,843)	0	0	(734,843)	0	5,409,840	0	173,633	173,633	29,284	XXX	XXX
9799999	Total - Common Stocks					5,583,473	XXX	5,409,840	5,584,573	(734,843)	0	0	(734,843)	0	5,409,840	0	173,633	173,633	29,284	XXX	XXX
9899999	Total - Preferred and Common Stocks					5,583,473	XXX	5,409,840	5,584,573	(734,843)	0	0	(734,843)	0	5,409,840	0	173,633	173,633	29,284	XXX	XXX
9899999	Total - Bonds, Preferred and Common Stocks					5,583,473	XXX	5,409,840	5,584,573	(734,843)	0	0	(734,843)	0	5,409,840	0	173,633	173,633	29,284	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt A-Sn 1-Footnote
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1-Footnote
NONE

Sch. DB-Pt B-Sn 1B-Broker List
NONE

Sch. DB-Pt D
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
Bank tokyo-mit ufj ny, New York, New York		0.505		1,122	1,000,010	1,000,005	1,000,001	XXX
Citibank N.A., Tampa, Florida					3,163,297	1,187,235	458,047	XXX
Skandinav Enskilda Bk Ny, New York, New York		0.950		5,542	999,164	999,282	999,396	XXX
State street bank & tr, New York, New York		0.950		3,149	1,000,000	1,000,000	1,000,000	XXX
Sverigebank (New York), New York, New York		0.880		5,011	1,000,000	1,000,000	1,000,000	XXX
COMMUNITY COMMERCE BANK, LOS ANGELES, CALIFORNIA					100,000	100,000	100,000	XXX
0199999. Total Open Depositories	XXX	XXX	0	14,815	7,262,471	5,286,522	4,557,444	XXX
0399999. Total Cash on Deposit	XXX	XXX	0	14,815	7,262,471	5,286,522	4,557,444	XXX
0599999. Total Cash	XXX	XXX	0	14,815	7,262,471	5,286,522	4,557,444	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Government Issuer Obligations							
Treasury bill TB 25/TM/2010		09/28/2010		11/25/2010	10,997,897		74
0199999. U.S. Government, Issuer Obligations					10,997,897	0	74
0599999. Total - U.S. Government Bonds					10,997,897	0	74
Total							
7799999. Subtotals - Issuer Obligations					10,997,897	0	74
8399999. Subtotals - Bonds					10,997,897	0	74
8699999. Total - Cash Equivalents					10,997,897	0	74