

ANNUAL STATEMENT

OF THE

MID-CONTINENT

INSURANCE COMPANY

of **SOMERSET**

in the state of **PENNSLVANIA**

TO THE

Insurance Department

OF THE

STATE OF PENNSYLVANIA

FOR THE YEAR ENDED

December 31, 2008

PROPERTY AND CASUALTY

2008



11932200820100010

ANNUAL STATEMENT

For the Year Ended December 31, 2008
OF THE CONDITION AND AFFAIRS OF THE

Mid-Continent Insurance Company

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	11932	Employer's ID Number	25-1212201
Organized under the Laws of	PENNSYLVANIA		State of Domicile or Port of Entry		PENNSYLVANIA	
Country of Domicile	UNITED STATES					
Incorporated/Organized:	July 9, 1969			Commenced Business: October 21, 1969		
Statutory Home Office:	124 NORTH CENTER AVENUE <small>(Street and Number)</small>		SOMERSET, PA 15501 <small>(City or Town, State and Zip Code)</small>			
Main Administrative Office:	124 NORTH CENTER AVENUE <small>(Street and Number)</small>					
	SOMERSET, PA 15501 <small>(City or Town, State and Zip Code)</small>		814-445-8905 <small>(Area Code) (Telephone Number)</small>			
Mail Address:	P. O. BOX 632 <small>(Street and Number or P.O. Box)</small>		SOMERSET, PA 15501 <small>(City or Town, State and Zip Code)</small>			
Primary Location of Books and Records:	124 NORTH CENTER AVENUE <small>(Street and Number)</small>		SOMERSET, PA 15501 <small>(City or Town, State and Zip Code)</small>		814-445-8905 <small>(Area Code) (Telephone Number)</small>	
Internet Website Address:	WWW.MIDCONTINENTINSURANCE.COM					
Statutory Statement Contact:	THOMAS KEKLAK <small>(Name)</small>		814-445-8905-138 <small>(Area Code) (Telephone Number) (Extension)</small>			
	TKEKLAK@MIDCONTINENTINSURANCE.COM <small>(E-Mail Address)</small>		814-445-3495 <small>(Fax Number)</small>			

OFFICERS

1.	Name	Title
	JOHN DOUGLAS WENDEL	PRESIDENT/CEO
	DONALD LEON FETTEROLF	SECRETARY
	MYRON MITCHELL FETTEROLF	TREASURER/CFO

VICE-PRESIDENTS

Name	Title	Name	Title
MARIE CECILE MCNERNY	SENIOR VICE PRESIDENT	ALLISON SUZANNE WALTER	VICE PRESIDENT

DIRECTORS OR TRUSTEES

JOHN DOUGLAS WENDEL	DONALD LEON FETTEROLF	MYRON MITCHELL FETTEROLF	EDWARD KENT LANDEFELD
FRANK JOSEPH THOMAS	PETER LOUIS HERVOYAVICH JR	BRIAN SCOTT FETTEROLF	

State of PENNSYLVANIA
County of SOMERSET ss

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) JOHN DOUGLAS WENDEL _____ (Printed Name) 1. PRESIDENT/CEO _____ (Title)	_____ (Signature) DONALD LEON FETTEROLF _____ (Printed Name) 2. SECRETARY _____ (Title)	_____ (Signature) MYRON MITCHELL FETTEROLF _____ (Printed Name) 3. TREASURER/CFO _____ (Title)
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Subscribed and sworn to before me this
23RD day of FEBRUARY, 2009

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	19,089,948		19,089,948	23,562,661
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	7,947,537		7,947,537	9,099,991
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 589,819, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 2,833,203, Schedule DA)	3,423,022		3,423,022	2,114,215
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	30,460,507		30,460,507	34,776,867
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	177,146		177,146	360,673
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	5,099,916	956,713	4,143,203	4,747,031
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	1,963,822		1,963,822	2,864,005
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts	845,283		845,283	642,964
Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	4,273,972		4,273,972	1,787,521
16.2 Net deferred tax asset	1,302,307		1,302,307	1,234,728
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	40,859		40,859	54,008
19. Furniture and equipment, including health care delivery assets (\$ 0)	127,704	127,704		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	106,309	66,342	39,967	10,570
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	44,397,825	1,150,759	43,247,066	46,478,367
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	44,397,825	1,150,759	43,247,066	46,478,367

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. prepaid assessment/office expenses	27,747	27,747		
2302. ins dept receivables	39,967		39,967	10,570
2303. other receivable	38,595	38,595		
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	106,309	66,342	39,967	10,570

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	15,367,811	11,746,416
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	3,362,444	2,664,836
4. Commissions payable, contingent commissions and other similar charges	697,306	555,499
5. Other expenses (excluding taxes, licenses and fees)	197,983	155,421
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
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 (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 193,528 and including warranty reserves of \$ 0)	9,801,814	11,295,383
10. Advance premium	18,222	39,963
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	64,854	78,317
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	9,569	13,873
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	29,520,003	26,549,708
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	29,520,003	26,549,708
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	2,100,000	2,100,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	1,085,000	1,085,000
33. Unassigned funds (surplus)	20,041,988	26,243,584
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)	9,499,925	9,499,925
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	13,727,063	19,928,659
36. Totals (Page 2, Line 26, Col. 3)	43,247,066	46,478,367

DETAILS OF WRITE-IN LINES		
2301.		
2302.		
2303.	NONE	
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)		
2701.		
2702.		
2703.	NONE	
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.	NONE	
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	16,492,284	19,284,993
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	13,184,345	15,006,745
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	3,172,380	3,163,658
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	6,539,575	7,213,698
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	22,896,300	25,384,101
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(6,404,016)	(6,099,108)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	898,398	1,193,751
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))	(276,655)	198,597
11. Net investment gain (loss) (Lines 9 + 10)	621,743	1,392,348
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 11,734 amount charged off \$ 210,408)	(198,673)	(79,759)
13. Finance and service charges not included in premiums	276,287	282,659
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Lines 12 through 14)	77,614	202,900
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(5,704,659)	(4,503,860)
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(5,704,659)	(4,503,860)
19. Federal and foreign income taxes incurred	(2,279,356)	(1,580,521)
20. Net income (Line 18 minus Line 19) (to Line 22)	(3,425,303)	(2,923,339)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	19,928,659	24,369,076
22. Net income (from Line 20)	(3,425,303)	(2,923,339)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(3,459,828)	373,071
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	67,778	79,562
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	603,021	(865,801)
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		(1,150,000)
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	12,736	46,090
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(6,201,596)	(4,440,417)
39. Surplus as regards policyholders, as of December 31 current year (Lines 21 plus Line 38) (Page 3, Line 35)	13,727,063	19,928,659

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page	NONE	
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	NONE	
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)		
3701. prior period adjustment	12,736	46,090
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	12,736	46,090

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	15,884,320	18,220,780
2. Net investment income	1,104,386	1,311,617
3. Miscellaneous income	77,614	202,900
4. Total (Lines 1 through 3)	17,066,320	19,735,297
5. Benefit and loss related payments	9,746,474	11,430,755
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	7,879,855	9,681,260
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		207,000
10. Total (Lines 5 through 9)	17,626,329	21,319,015
11. Net cash from operations (Line 4 minus Line 10)	(560,009)	(1,583,718)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	13,492,973	8,997,244
12.2 Stocks	1,587,439	3,189,910
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	15,080,412	12,187,154
13. Cost of investments acquired (long-term only):		
13.1 Bonds	9,210,299	8,986,023
13.2 Stocks	4,001,297	219,793
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)	13,211,596	9,205,816
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)	1,868,816	2,981,338
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		1,150,000
16.6 Other cash provided (applied)		
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)		(1,150,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,308,807	247,620
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,114,215	1,866,595
19.2 End of year (Line 18 plus Line 19.1)	3,423,022	2,114,215

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	557,471	510,140	396,022	671,589
2. Allied lines	24,144	28,170	41,180	11,134
3. Farmowners multiple peril				
4. Homeowners multiple peril	345,509	250,648	228,091	368,066
5. Commercial multiple peril	8,446,485	6,614,042	5,635,524	9,425,003
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	119,261	69,034	66,758	121,537
10. Financial guaranty				
11.1 Medical malpractice—occurrence				
11.2 Medical malpractice—claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability—occurrence	4,146,844	2,905,494	2,569,444	4,482,894
17.2 Other liability—claims-made				
18.1 Products liability—occurrence				
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage	1,354,158	894,383	842,259	1,406,282
22. Aircraft (all perils)				
23. Fidelity				
24. Surety	4,843	23,473	22,537	5,779
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property				
32. Reinsurance-Nonproportional Assumed Liability				
33. Reinsurance-Nonproportional Assumed Financial Lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	14,998,715	11,295,384	9,801,815	16,492,284

DETAILS OF WRITE-IN LINES				
3401.				
3402.				
3403.				
3498. Sum of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

NONE

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	396,022				396,022
2. Allied lines	41,180				41,180
3. Farmowners multiple peril					
4. Homeowners multiple peril	228,091				228,091
5. Commercial multiple peril	5,635,524				5,635,524
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	66,758				66,758
10. Financial guaranty					
11.1 Medical malpractice—occurrence					
11.2 Medical malpractice—claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability—occurrence	2,569,444				2,569,444
17.2 Other liability—claims-made					
18.1 Products liability—occurrence					
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability					
19.3,19.4 Commercial auto liability					
21. Auto physical damage	842,259				842,259
22. Aircraft (all perils)					
23. Fidelity					
24. Surety	22,537				22,537
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-Nonproportional Assumed Property					
32. Reinsurance-Nonproportional Assumed Liability					
33. Reinsurance-Nonproportional Assumed Financial Lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	9,801,815				9,801,815
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					9,801,815

DETAILS OF WRITE-IN LINES					
3401.					
3402.					
3403.					
3498. Sum of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	767,700			210,229		557,471
2. Allied lines	125,824			101,680		24,144
3. Farmowners multiple peril						
4. Homeowners multiple peril	478,696			133,187		345,509
5. Commercial multiple peril	11,856,671			3,410,186		8,446,485
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	171,818			52,557		119,261
10. Financial guaranty						
11.1 Medical malpractice—occurrence						
11.2 Medical malpractice—claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability—occurrence	5,513,331			1,366,487		4,146,844
17.2 Other liability—claims-made						
18.1 Products liability—occurrence						
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage	1,722,058			367,900		1,354,158
22. Aircraft (all perils)						
23. Fidelity						
24. Surety	4,843					4,843
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-Nonproportional Assumed Property	X X X					
32. Reinsurance-Nonproportional Assumed Liability	X X X					
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	20,640,941			5,642,226		14,998,715

DETAILS OF WRITE-IN LINES						
3401.						
3402.						
3403.						
3498. Sum of remaining write-ins for Line 34 from overflow page			NONE			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

(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 \$

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

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	158,322		22,475	135,847	(10,785)	53,858	71,204	10.602%
2. Allied lines	236,233		29,348	206,885	(2,435)	114,963	89,487	803.727%
3. Farmowners multiple peril								
4. Homeowners multiple peril	255,997			255,997	223,561	71,756	407,802	110.796%
5. Commercial multiple peril	11,542,990		4,924,707	6,618,283	9,808,921	8,581,677	7,845,527	83.242%
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	19,146			19,146	196	304	19,038	15.664%
10. Financial guaranty								
11.1 Medical malpractice—occurrence								
11.2 Medical malpractice—claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability—occurrence	2,904,815		1,294,782	1,610,033	5,318,587	2,947,354	3,981,266	88.810%
17.2 Other liability—claims-made								
18.1 Products liability—occurrence								
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage	711,174		(5,585)	716,759	20,396	(32,866)	770,021	54.756%
22. Aircraft (all perils)								
23. Fidelity								
24. Surety					9,370	9,370		
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-Nonproportional Assumed Property	X X X							
32. Reinsurance-Nonproportional Assumed Liability	X X X							
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	15,828,677		6,265,727	9,562,950	15,367,811	11,746,416	13,184,345	79.943%

DETAILS OF WRITE-IN LINES							
3401.							
3402.							
3403.							
3498. Sum of remaining write-ins for Line 34 from overflow page							
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)							

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire					(10,835)		(50)	(10,785)	3,571
2. Allied lines	(5,073)		(6,406)	1,333	(4,174)		(406)	(2,435)	585
3. Farmowners multiple peril									
4. Homeowners multiple peril	188,361			188,361	36,103		903	223,561	42,430
5. Commercial multiple peril	12,599,375		6,539,682	6,059,693	6,336,263		2,587,035	9,808,921	2,282,380
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine					196			196	4,422
10. Financial guaranty									
11.1 Medical malpractice—occurrence									
11.2 Medical malpractice—claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability—occurrence	9,267,304		5,832,192	3,435,112	3,957,138		2,073,663	5,318,587	1,014,659
17.2 Other liability—claims-made									
18.1 Products liability—occurrence									
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability									
19.3,19.4 Commercial auto liability									
21. Auto physical damage	45,529			45,529	(25,196)		(63)	20,396	12,487
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	9,370			9,370				9,370	1,910
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	22,104,866		12,365,468	9,739,398	10,289,495		4,661,082	15,367,811	3,362,444

DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	3,460,024			3,460,024
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	537,245			537,245
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,922,779			2,922,779
2. Commission and brokerage:				
2.1 Direct, excluding contingent		3,974,519		3,974,519
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		115,508		115,508
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		3,859,011		3,859,011
3. Allowances to manager and agents				
4. Advertising		925		925
5. Boards, bureaus and associations	12,397	110,699		123,096
6. Surveys and underwriting reports		302,961		302,961
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	161,696	1,025,099	17,796	1,204,591
8.2 Payroll taxes	10,357	89,699	1,354	101,410
9. Employee relations and welfare	29,727	123,761		153,488
10. Insurance	862	17,755		18,617
11. Directors' fees		3,126		3,126
12. Travel and travel items	702	11,735	81	12,518
13. Rent and rent items	5,268	52,466	485	58,219
14. Equipment	7,287	90,627		97,914
15. Cost or depreciation of EDP equipment and software	8,463	156,889	602	165,954
16. Printing and stationery	1,325	25,724		27,049
17. Postage, telephone and telegraph, exchange and express	7,014	79,978	616	87,608
18. Legal and auditing	65	132,302	9,564	141,931
19. Totals (Lines 3 to 18)	245,163	2,223,746	30,498	2,499,407
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		379,233		379,233
20.2 Insurance department licenses and fees		22,740		22,740
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		401,973		401,973
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	4,438	54,845	351,498	410,781
25. Total expenses incurred	3,172,380	6,539,575	381,996	(a) 10,093,951
26. Less unpaid expenses—current year	3,362,444	875,290	19,999	4,257,733
27. Add unpaid expenses—prior year	2,664,836	692,920	18,000	3,375,756
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	2,474,772	6,357,205	379,997	9,211,974

DETAILS OF WRITE-IN LINES				
2401. miscellaneous	4,438	47,145		51,583
2402. bank service fees		7,700		7,700
2403. management fees			351,498	351,498
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	4,438	54,845	351,498	410,781

(a) Includes management fees of \$ 197,164 to affiliates and \$ 145,699 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 92,609	99,317
1.1 Bonds exempt from U.S. tax	(a) 949,664	779,932
1.2 Other bonds (unaffiliated)	(a) 144,459	161,670
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	209,292	177,497
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) 61,978	61,978
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,458,002	1,280,394
11. Investment expenses		(g) 381,996
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)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		381,996
17. Net investment income (Line 10 minus Line 16)		898,398

DETAILS OF WRITE-IN LINES			
0901.	NONE		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

- (a) Includes \$ 41,291 accrual of discount less \$ 61,151 amortization of premium and less \$ 20,726 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(4,596)		(4,596)		
1.1 Bonds exempt from U.S. tax	(50,384)		(50,384)		
1.2 Other bonds (unaffiliated)	7,078		7,078	(122,270)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	(228,752)		(228,752)	(3,337,558)	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	(276,654)		(276,654)	(3,459,828)	

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

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)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	956,713	1,273,694	316,981
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets	127,704	449,826	322,122
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	66,342	30,260	(36,082)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,150,759	1,753,780	603,021
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	1,150,759	1,753,780	603,021

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. prepaid assessment	27,747	12,902	(14,845)
2302. prepaid office expenses			
2303. acct receivable	38,595	17,358	(21,237)
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	66,342	30,260	(36,082)

NONE

NOTES TO FINANCIAL STATEMENTS

1A. ACCOUNTING PRACTICES-- THE FINANCIAL STATEMENTS OF MID-CONTINENT INSURANCE COMPANY ARE PRESENTED ON THE BASIS OF ACCOUNTING PRACTICES PRESCRIBED OR PERMITTED BY THE INSURANCE DEPARTMENT OF THE COMMONWEALTH OF PENNSYLVANIA. THE PA DEPT OF INSURANCE HAS IDENTIFIED THE FOLLOWING PA LAWS AND REGULATIONS RELATING TO FINANANCIAL STATEMENT PRESENTATION THAT MAY REQUIRE DISCLOSURE AS A DEPARTURE FROM THE MANUAL.

<u>PA LAWS & REGULATIONS</u>	<u>NAIC SSAP AND APPENDICES</u>	
31 Pa. Code, Chapter 116 (relating to discounting workers' compensation loss reserves)	SSAP No. 55 Unpaid Claims, Losses and Loss Adjustment Expenses and SSAP No 65 Property and Casualty Contracts	N/A
31 Pa Code, Chapter 118 (relating to discounting medical malpractice loss reserves)	SSAP No 55 Unpaid Claims, Losses and Loss Adjustment Expenses and SSAP No. 65 Property and Casualty Contracts	N/A
31 Pa Code, Chapter 84a (relating to minimum reserve standards for individual and group health and accident insurance contracts)	SSAP No 54 Individual and Group Accident and Health Contracts and Appendix A-010 Minimum Reserve Standards for Individual and Group Health Insurance Contracts	N/A
31 Pa Code, 73.138 (relating to reserves for credit life, accident and health insurance)	SSAP No. 59 Credit Life and Accident and Health Insurance Contracts	N/A
Section 320.1 (b) (2) of The Insurance Company Law of 1921 (40 P.S. 443.1(b) (2)) (relating to loans or advances to controlling stockholders)	SSAP No. 25 Accounting for and Disclosures about Transactions with Affiliates and Other Related Parties	N/A
Sections 322.1 & 809 of The Insurance Company Law of 1921 (40 P.S. 445.1 & 919) and 31 Pa. Code, Chapter 105 (relating to surplus notes)	SSAP No. 41 Surplus Notes	N/A
Sections 1405 of The Insurance Company Law of 1921 (40 P.S. 991.1405) (relating to standards and management of an insurer within a holding company system)	Appendix A-440 Insurance Holding Companies	Company does follow PA Laws
31 Pa. Code, 89.901 - 89.921 (relating to long-term care insurance)	Appendix A-641 Long-Term Care Insurance	N/A
Sections 714-716 of The Insurance Company Law of 1921 (40 P.S. 910-14 --- 910-16) (relating to unearned premium reserves of title insurance companies)	SSAP No. 57 Title Insurance and Appendix A-628 Title Insurance	N/A
Order of the Insurance Commissioner dated April 18, 1996 (relating to prepaid premium taxes)	SSAP No. 20 Non-admitted Assets	Company does follow PA Laws but year end no prepaid premium tax.
Section 661 of The Insurance Company Law of 1921 (40 p.s. 832)(relating to surety companies)	SSAP No. 55 Unpaid Claims losses & LAE and SSA No.65 property casualty contracts	N/A
Section 1008 of Ins. Co law of 1921 (40 p.s.968 per reserves of reciprocal and inter insurance exchanges.	SSAP No. 53 Property Casualty contracts-- Premiums	N/A
31 PA Code Ch 161.8 (relating to credit for reinsurance ceded to alien non-affiliated insurers which write no primary coverage in the U.S.	SSAP No. 62 Property Casualty Reinsurance	N/A
Department Notice No. 94-14 Separate Account Modified Guaranteed Life Insurance	Appendix A-588 Modified Guaranteed Life Ins	N/A

1B. USE OF ESTIMATES IN THE PREPARATION OF THE FINANANCIAL STATEMENTS--THE PREPARATION OF FINANCIAL STATEMENTS IN CONFORMITY WITH SAP 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 FINANCIAL STATEMENTS AND THE REPORTED AMOUNTS OF REVENUE AND EXPENSES DURING THE PERIOD. ACTUAL RESULTS CAN DIFFER FROM THOSE ESTIMATES.

1C. ACCOUNTING POLICY--PREMIUMS EARNED OVER THE TERMS OF THE RELATED INSURANCE POLICIES AND REINSURANCE CONTRACTS. UNEARNED PREMIUMS RESERVES ARE COMPUTED BY PRORATA METHODS.

EXPENSES INCURRED IN CONNECTION WITH ACQUIRING NEW BUSINESS, INCLUDING SUCH ACQUISTION COSTS SUCH 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 STATED AT AMORTIZED COST.
- (2.) BONDS ARE STATED AT AMORTIZED COST, UNLESS THE NAIC DESIGNATION IS 3 TO 6, IN WHICH CASE (LOWER OF AMORTIZED COST OR FAIR VALUE)
- (3.) COMMON STOCK AT MARKET FROM NAIC VALUATION OF SECURITIES AND PREFERRED STOCK ARE VALUED ACCORDING TO NAIC ANNUAL STATEMENT INSTRUCTIONS.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS--NONE

NOTES TO FINANCIAL STATEMENTS

3. **BUSINESS COMBINATIONS AND GOODWILL**-- NOT APPLICABLE.

4. **DISCONTINUED OPERATIONS**--NONE.

5. **INVESTMENTS**-- IN MORTGAGE LOANS INCLUDING MEZZANINE REAL ESTATE LOANS, DEBT RESTRUCTURING, REVERSE MORTGAGES, LOAN-BACKED SECURITIES, AND REPURCHASE AGREEMENTS--NONE.

6. **JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**--NONE.

7. **INVESTMENT INCOME** -- THERE WAS NO INVESTMENT INCOME DUE AND ACCRUED THAT WAS NOT ADMITTED ON THE FINANCIAL STATEMENTS.

8. **DERIVATIVE INSTRUMENTS**-- NONE.

9. **INCOME TAXES**--DEFERRED TAX ASSETS WERE CALCULATED AS FOLLOWS:

	book	tax	difference
1. discounted unpaid loss reserves:	18,730,255	16,860,282	1,869,973
2. unearned premium:	9,801,714	7,841,371	1,960,343
3. depreciation:	165,954	165,594	0
4. unused realized capital loss(carryover) carryback:	0	0)	0
			3,830,316
			@ .34
		DTA (admitted) :	1,302,307

FEDERAL INCOME TAX ALLOCATION--FETTEROLF GROUP INC, AS A PARENT OF MID-CONTINENT IS RESPONSIBLE FOR THE REMITTANCE OF ALL ESTIMATED AND FINAL TAX PAYMENTS TO THE INTERNAL REVENUE SERVICE.

MID-CONTINENT'S TAX COMPUTATION IS BASED ON THE APPROPRIATE EFFECTIVE TAX RATE ON A CONSOLIDATED BASIS MULTIPLIED BY MID-CONTINENT'S TAXABLE INCOME. MID-CONTINENT, IN TURN WILL REIMBURSE THE FETTEROLF GROUP FOR THIS AMOUNT ON A QUARTERLY BASIS, OR WHEN PAYMENT IS DUE.

10. **INFORMATION CONCERNING PARENT, SUBDIARIES AND AFFILIATES** -- ALL STOCK EXCEPT DIRECTOR'S QUALIFYING SHARES HELD BY THE FETTEROLF GROUP INC 97.9% , AND WOODBINE PROPERTIES, A PARTNERSHIP 2.1%. TRANSACTIONS WITH AFFILIATES -- CASH DIVIDENDS- 0. VALUE OF INVESTMENTS IN AFFILIATES -- NONE. AFFILIATE CONTINGENT EXPOSURE -- NONE. MANAGEMENT CHARGE FOR INVESTMENT MANAGEMENT FEE--\$197,164 --IN 2008. COST SHARING ARRANGEMENT -- NONE.

REPURCHASE 71,111 SHARES OF MID-CONTINENT INSURANCE COMPANY STOCK. PER THE BOARD OF DIRECTORS RESOLUTION AT A SPECIAL VOTE TAKEN ON SEPTEMBER 24, 2002, THE 71,111 SHARES OF COMMON STOCK ARE TO BE REDEEMED AT A PRICE OF \$112.50 PER SHARE TO BE PAID IN CASH, WITH A TOTAL REDEMPTION PRICE OF \$7,999,987.50, AND ARE TO BE HELD BY MID-CONTINENT AS TREASURY STOCK. DATE OF REPURCHASE 12/27/2002. ALSO 11,077 SHARES OF COMMON STOCK WERE REDEEMED AT REDEMPTION PRICE OF \$135.41 PER SHARE WITH A TOTAL REDEMPTION PRICE OF \$1,499,936.57 EFFECTIVE 12/01/2004.

11. **DEBT**--NONE.

12. **RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POST-RETIREMENT BENEFITS PLANS.**
THE COMPANY HAS PROVIDED A 401K PLAN EFFECTIVE 1986.

13. **CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS.**
THE MAXIMUM AMOUNT OF DIVIDENDS, WHICH CAN BE PAID BY THE STATE OF PENNSYLVANIA INSURANCE COMPANIES TO SHAREHOLDERS WITHOUT PRIOR APPROVAL OF THE INSURANCE COMMISSIONER IS SUBJECT TO LIMITS IMPOSED BY PA. INSURANCE STATUTE. THE COMPANY HAS NO PREFERRED STOCK OUTSTANDING.

14. **CONTINGENCIES**-- NONE.

15. **LEASES-**

(2) FOR LEASES HAVING INITIAL OR REMAINING LEASE TERMS IN EXCESS OF ONE YEAR: -- OFFICE LEASE AGREEMENT:

2/1/2008 THRU 1/31/2009	\$2,680 PER MONTH
2/1/2009 THRU 1/31/2010	\$2,174 PER MONTH
2/1/2010 THRU 1/31/2011	\$2,219 PER MONTH
2/1/2012 THRU 1/31/2012	\$2,264 PER MONTH
2/1/2013 THRU 1/31/2013	\$2,310 PER MONTH

16. **INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK**--NONE.

NOTES TO FINANCIAL STATEMENTS

17. **SALE, TRANSFER OF SERVICING FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES--** NONE.
18. **GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS--**NONE.
19. **DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS--** NONE.
20. **OTHER ITEMS--**EXTRAORDINARY ITEMS, TROUBLED DEBT RESTRUCTURING DEBTORS, OTHER DISCLOSURES--NONE.
21. **EVENTS SUBSEQUENT--**NONE.
22. **REINSURANCE**
 - A. UNSECURED REINSURANCE RECOVERABLE--NONE.
 - B. REINSURANCE RECOVERABLE IN DISPUTE--NONE.
 - C. REINSURANCE ASSUMED--NONE; REINSURANCE CEDED--REINSURANCE PREMIUM RESERVE: 0; MAXIMUM AMOUNT OF RETURNED COMMISSION IF ALL POLICIES CANCELLED: 0. EFFECTIVE 1/1/2004 COMPANY USES EXCESS TREATY. RETENTION OF 50,000 ALL LINES EXCEPT PRIVATE PASSENGER PHYSICAL DAMAGE AND SURETY. FOR 2006 90,000 RETENTION ON LOSSES WITH DATE OF LOSS 2006. FOR 2007 100,000 RETENTION. FOR 2008 100,000 RETENTION.
 - D. UNCOLLECTIBLE REINSURANCE--NONE.
 - E. COMMUATION OF CEDED REINSURANCE--NONE.
 - F. RETROACTIVE REINSURANCE--NONE.
23. **RETROSPECTIVELY RATED CONTRACTS--**NONE.
24. **CHANGE IN INCURRED LOSSES AND ADJUSTMENT EXPENSES--** NONE.
25. **INTERCOMPANY POOLING ARRANGEMENTS--**NONE.
26. **STRUCTURED SETTLEMENTS--**NONE.
27. **HEALTH CARE RECEIVABLES--**NOT APPLICABLE.
28. **PARTICIPATING POLICIES--**NONE.
29. **PREMIUM DEFICIENCY RESERVES--**NONE.
30. **HIGH DEDUCTIBLES--**NOT APPLICABLE.
31. **DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES--**NONE.
32. **ASBESTOSIS/ENVIRONMENTAL RESERVES-**NONE
33. **SUBSCRIBER SAVINGS ACCOUNTS-**NOT APPLICABLE.
34. **MULTIPLE CROP INSURANCE-**NOT APPLICABLE.

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

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

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

BULOW HOTTLE & CO. 113 W. MAIN ST. SOMERSET, PA. 15501

.....

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?

G.M.WALKER FCAS,MAAA 4313 FRUITWOOD COURT BOWIE, MD. 20720

.....

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

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 [X]

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [X] N/A []

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

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

Yes [X] No []

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

GENERAL INTERROGATORIES

- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | | |
|--|---|----|---|
| | 18.21 To directors or other officers | \$ | 0 |
| | 18.22 To stockholders not officers | \$ | 0 |
| | 18.23 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|----------------------------|----|--|
| | 19.21 Rented from others | \$ | |
| | 19.22 Borrowed from others | \$ | |
| | 19.23 Leased from others | \$ | |
| | 19.24 Other | \$ | |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 20.2 If answer is yes:
- | | | | |
|--|--|----|--|
| | 20.21 Amount paid as losses or risk adjustment | \$ | |
| | 20.22 Amount paid as expenses | \$ | |
| | 20.23 Other amounts paid | \$ | |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

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

- 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)
 Mid-Continent Insurance does not lend securities

- 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 [X]
- 22.5 If answer to 22.4 is yes, report amount of collateral. \$ _____ 0
- 22.6 If answer to 22.4 is no, report amount of collateral. \$ _____ 0
- 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 []
- 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 | \$ | 503,501 |
| | 23.29 | Other | \$ | 0 |

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0
.....	0
.....	0

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
ALIGNED PARTNERS TRUST CO	707 GRANT ST, 2008 GULFTOWER PITTSBURGH, PA
.....

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

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

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

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

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

26.05 Identify all investment advisors, 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 Number(s)	2 Name(s)	3 Address
0	ALIGNED PARTNERS	PITTSBURGH, PA
0	BPU	PITTSBURGH, PA
0	J P MORGAN	NEW YORK, NY
0	FIDELITY	NEW YORK, NY

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

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
256206-10-3	DODGE & COX INTL STOCK FUND	247,091
277911-65-7	EATON VANCE TAX MGD VALUE CL	841,126
464287-20-0	ISHARS TRUST S&P 500 INDEX FD	2,305,615
72366V-10-8	PIONEER EQUITY INCOME CL A	778,128
808509-64-0	LAUDIS INTL MARKET MASTERS FUN	258,199
68380U-10-0	OPPENHEIMER INTL SMALL CO. CL A	73,412
315911-88-3	SPARTAN EXT MKT INDEX	518,725
315911-87-5	SPARTAN INTL INDEX	348,948
315912-82-4	SPARTAN 500 INDEX	359,983
19765J-76-4	COLUMBIA SMALL CAP VALUE FD	252,898
32008F-10-1	FIRST EAGLE OVERSEAS CLASS A	358,910
746802-85-9	PUTNAM INTERNATIONAL CAPITAL	104,454
779562-10-7	T ROWE PRICE NEW HORIZON FD	402,370
27.2999 TOTAL		6,849,859

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
DODGE & COX INTL	NOVARTIS	9,464	12/31/2008
EATON VANCE T-M VAL	JP MORGAN CHASE	26,243	12/31/2008
ISHARES S&P 500	AT&T INC	49,340	12/31/2008
PIONEER EQUITY INCOME	GORMAN RUPP CO	25,600	12/31/2008
LAUDUS INTL MKMAST SEL	POTASH CP SASKATCHEW	5,190	12/31/2008
OPPENHEIMER INTL SM CO	OPERA SOFTWARE	3,810	12/31/2008
T ROWE PRICE NEW HORIZO	HENRY SCHEIN INC	13,761	12/31/2008
FIDELITY SPARTAN EXT MKT	BERKSHIRE HATHAWAY	31,020	12/31/2008
FIDELITY SPARTAN INTL IND	BP PLC	6,525	12/31/2008
FIDELITY SPARTAN 500 INDE	EXXON MOBIL CORP	18,575	12/31/2008
COLUMBIA SMALL CAP VALU	ARGO GROUP INTL	3,693	12/31/2008
FIRST EAGLE OVERSEAS	GOLD COMMODITY IN OUNC	26,702	12/31/2008
PUTNAM INTL CAPITAL OPPO	ACTELION LTD	1,327	12/31/2008

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	19,089,904	19,260,431	170,527
28.2 Preferred stocks	0	0	0
28.3 Totals	19,089,904	19,260,431	170,527

28.4 Describe the sources or methods utilized in determining the fair values:
USED SVO AND ALSO BROKER MARKET VALUES.

29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No []

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any?

\$ 119,704

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE INC	119,704
.....	0
.....	0

31.1 Amount of payments for legal expenses, if any? \$ 0

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

1 Name	2 Amount Paid
.....	0
.....	0
.....	0

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

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

1 Name	2 Amount Paid
.....	0
.....	0
.....	0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & 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. \$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0

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. \$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ <u> 0</u>	\$ <u> 0</u>
2.2 Premium Denominator	\$ <u> 0</u>	\$ <u> 0</u>
2.3 Premium Ratio (2.1/2.2)	<u> 0.00</u>	<u> 0.00</u>
2.4 Reserve Numerator	\$ <u> 0</u>	\$ <u> 0</u>
2.5 Reserve Denominator	\$ <u> 0</u>	\$ <u> 0</u>
2.6 Reserve Ratio (2.4/2.5)	<u> 0.00</u>	<u> 0.00</u>

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 \$ 0

3.22 Non-participating policies \$ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [] No [X]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0%

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 0

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [] No [X] N/A []

5.22 As a direct expense of the exchange Yes [] No [X] 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 [X]

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 loss:

DO NOT WRITE WORKERS' COMPENSATION INSURANCE

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 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:
 Commercial and homeowners property-Philadelphia and Baltimore--- Calculated by reinsurance intermediary using Risk Link 6.0.
- 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?
 Purchased XOL cat coverage through Willis Re 1st layer 100% \$1,900,000 xs \$300,000; 2nd layer 100% \$1,300,000 xs \$2,200,000.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0
- 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 [X]
- 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 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 fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances 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 [] No [] N/A [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

11.1 Has the reporting entity guaranteed policies issued by any other 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 asset 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		0.00%
12.42 To		0.00%

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 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	\$	0
12.62 Collateral and other funds	\$	0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 100,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 2

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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 financed 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	2	3	4	5
		Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$	0	0	0	0	0
16.12 Products	\$	0	0	0	0	0
16.13 Automobile	\$	0	0	0	0	0
16.14 Other*	\$	0	0	0	0	0

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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	\$ <u> 0</u>
17.12 Unfunded portion of Interrogatory 17.11	\$ <u> 0</u>
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ <u> 0</u>
17.14 Case reserves portion of Interrogatory 17.11	\$ <u> 0</u>
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ <u> 0</u>
17.16 Unearned premium portion of Interrogatory 17.11	\$ <u> 0</u>
17.17 Contingent commission portion of Interrogatory 17.11	\$ <u> 0</u>

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	\$ <u> 0</u>
17.19 Unfunded portion of Interrogatory 17.18	\$ <u> 0</u>
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ <u> 0</u>
17.21 Case reserves portion of Interrogatory 17.18	\$ <u> 0</u>
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ <u> 0</u>
17.23 Unearned premium portion of Interrogatory 17.18	\$ <u> 0</u>
17.24 Contingent commission portion of Interrogatory 17.18	\$ <u> 0</u>

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2008	2007	2006	2005	2004
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	5,513,331	6,162,993	6,676,462	6,320,297	5,738,701
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,787,400	3,059,098	3,018,493	3,330,961	3,517,911
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	12,335,367	14,247,719	16,391,297	16,936,809	16,816,458
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,843	19,753	2,774	600	20,336
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	20,640,941	23,489,563	26,089,026	26,588,667	26,093,406
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,146,844	4,764,028	5,086,290	4,795,769	4,632,069
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,055,034	2,383,977	2,487,740	2,687,451	2,995,314
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	8,791,994	10,716,027	12,596,126	12,851,457	13,573,622
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,843	19,753	2,774	590	20,067
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	14,998,715	17,883,785	20,172,930	20,335,267	21,221,072
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(6,404,016)	(6,099,108)	2,775,180	3,727,427	1,545,623
14. Net investment gain (loss) (Line 11)	621,743	1,392,348	2,203,140	1,316,672	524,195
15. Total other income (Line 15)	77,614	202,900	126,987	168,392	131,004
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	(2,279,356)	(1,580,521)	1,354,582	820,161	1,109,643
18. Net income (Line 20)	(3,425,303)	(2,923,339)	3,750,725	4,392,330	1,091,179
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	43,247,066	46,478,367	46,254,057	42,933,655	38,233,219
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	4,143,203	4,747,031	5,637,283	5,706,612	5,107,705
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	29,520,003	26,549,708	21,884,981	20,417,236	18,923,262
22. Losses (Page 3, Line 1)	15,367,811	11,746,416	6,553,306	4,982,059	4,340,233
23. Loss adjustment expenses (Page 3, Line 3)	3,362,444	2,664,836	1,568,733	1,259,690	535,000
24. Unearned premiums (Page 3, Line 9)	9,801,814	11,295,383	12,696,592	12,975,624	12,924,299
25. Capital paid up (Page 3, Lines 28 & 29)	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
26. Surplus as regards policyholders (Page 3, Line 35)	13,727,063	19,928,659	24,369,076	22,516,419	19,309,957
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(560,009)	(1,583,718)	2,440,456	(1,136,014)	2,259,604
Risk-Based Capital Analysis					
28. Total adjusted capital	13,727,063	19,928,659	24,369,076	22,516,419	19,365,399
29. Authorized control level risk-based capital	3,759,141	3,324,665	2,552,702	2,400,069	2,786,345
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)	62.7%	67.8%	63.6%	61.1%	54.5%
31. Stocks (Lines 2.1 & 2.2)	26.1%	26.2%	31.4%	28.4%	28.2%
32. Mortgage loans on real estate (Lines 3.1 and 3.2)				0.1%	0.1%
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	11.2%	6.1%	5.0%	10.4%	16.2%
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)					
38. Aggregate write-ins for invested assets (Line 9)					
39. Cash, cash equivalents and invested assets (Line 10)	100.0%	100.0%	100.0%	100.0%	100.0%
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)					
43. Affiliated short-term investments (Schedule DA Verification, Col. 5, Line 10)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Lines 40 to 45					
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)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2008	2007	2006	2005	2004
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	(3,459,828)	373,071	186,849	(390,510)	792,028
49. Dividends to stockholders (Line 35)		(1,150,000)	(1,150,000)	(750,000)	(400,000)
50. Change in surplus as regards policyholders for the year (Line 38)	(6,201,596)	(4,440,417)	1,852,657	3,206,462	503,581
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,904,815	4,285,244	1,827,386	2,483,580	2,468,248
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,124,875	1,311,050	1,752,329	2,134,863	2,230,214
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	11,798,987	10,262,750	8,147,147	9,415,952	5,240,629
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
56. Total (Line 35)	15,828,677	15,859,044	11,726,862	14,034,395	9,939,091
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,610,033	2,173,987	1,162,761	1,167,082	973,013
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,078,637	1,139,650	1,438,627	1,588,620	1,464,954
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	6,874,280	6,499,998	4,679,876	4,125,859	3,414,262
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
62. Total (Line 35)	9,562,950	9,813,635	7,281,264	6,881,561	5,852,229
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)	79.9%	77.8%	43.3%	37.1%	39.2%
65. Loss expenses incurred (Line 3)	19.2%	16.4%	7.7%	7.1%	4.2%
66. Other underwriting expenses incurred (Line 4)	39.7%	37.4%	35.4%	37.5%	49.0%
67. Net underwriting gain (loss) (Line 8)	(38.8%)	(31.6%)	13.6%	18.3%	7.6%
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)	43.1%	39.2%	35.3%	35.5%	45.8%
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	99.2%	94.2%	51.0%	44.2%	43.4%
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	109.3%	89.7%	82.8%	90.3%	109.6%
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)	3,200	5,324	1,886	(126)	422
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 100.0)	16.1%	21.8%	8.4%	(0.7%)	2.2%
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)	7,308	5,438	1,165	964	827
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)	30.0%	24.2%	6.0%	5.1%	5.0%

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	8	6	21	3	1			21	X X X
2. 1999	4,654	2,475	2,179	1,568	701	79	46	85	47	84	938	X X X
3. 2000	3,988	2,398	1,590	1,840	1,099	162	107	75	49	25	822	X X X
4. 2001	6,520	4,078	2,442	3,156	1,946	320	227	217	144	70	1,376	X X X
5. 2002	12,736	7,558	5,178	7,046	4,398	398	280	342	212	92	2,896	X X X
6. 2003	19,772	11,407	8,365	11,544	6,772	730	437	527	360	86	5,232	X X X
7. 2004	24,979	4,874	20,105	12,672	5,303	801	121	562	140	96	8,471	X X X
8. 2005	26,537	6,252	20,285	15,252	6,822	1,538	543	984	197	262	10,212	X X X
9. 2006	26,368	5,917	20,451	10,695	3,474	757	96	593	35	157	8,440	X X X
10. 2007	24,721	5,437	19,284	10,717	2,756	440	57	603	53	174	8,894	X X X
11. 2008	22,111	5,619	16,492	5,905	1,198	31		388	5	95	5,121	X X X
12. Totals	X X X	X X X	X X X	80,403	34,475	5,277	1,917	4,377	1,242	1,141	52,423	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	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			
1. Prior	228		105		5						5	338	X X X
2. 1999	(9)	(6)										(3)	X X X
3. 2000	191	140			12		(19)	(16)	(3)	(3)	3	60	X X X
4. 2001	25	24	1	1	5		(2)	(2)	1	1		6	X X X
5. 2002	243	194	3		16	3	(20)	(22)	(3)	(4)		68	X X X
6. 2003	73	13	78	2	5		(5)	3	4	2	13	135	X X X
7. 2004	873	557	32	39	56	1	9	23	7	4	2	353	X X X
8. 2005	5,508	4,342	922	926	362	26	57	74	56	(18)	405	1,555	X X X
9. 2006	3,784	1,798	1,518	697	234	10	555	72	134	19	846	3,629	X X X
10. 2007	3,648	1,665	3,566	1,509	214	13	535	126	329	77	437	4,902	X X X
11. 2008	7,541	3,640	4,064	1,488	479	44	1,032	545	566	277	389	7,688	X X X
12. Totals	22,105	12,367	10,289	4,662	1,388	97	2,142	803	1,091	355	2,100	18,731	X X X

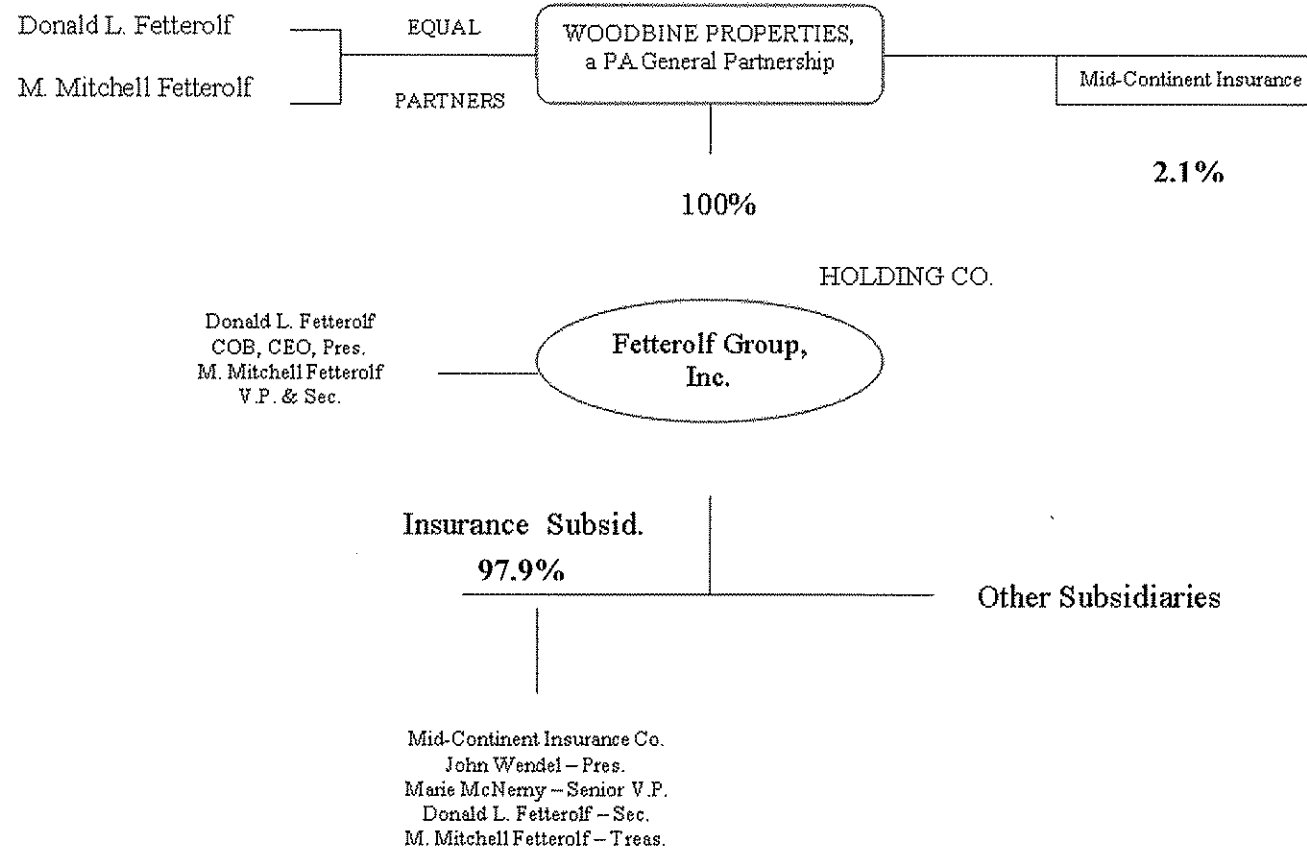
	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	333	5
2. 1999	1,723	788	935	37.022%	31.838%	42.910%				(3)	
3. 2000	2,258	1,376	882	56.620%	57.381%	55.472%				51	9
4. 2001	3,723	2,341	1,382	57.101%	57.406%	56.593%				1	5
5. 2002	8,025	5,061	2,964	63.010%	66.962%	57.242%				52	16
6. 2003	12,956	7,589	5,367	65.527%	66.529%	64.160%				136	(1)
7. 2004	15,012	6,188	8,824	60.098%	126.959%	43.890%				309	44
8. 2005	24,679	12,912	11,767	92.998%	206.526%	58.008%				1,162	393
9. 2006	18,270	6,201	12,069	69.289%	104.800%	59.014%				2,807	822
10. 2007	20,052	6,256	13,796	81.113%	115.063%	71.541%				4,040	862
11. 2008	20,006	7,197	12,809	90.480%	128.083%	77.668%				6,477	1,211
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	15,365	3,366

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 Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

**FETTEROLF GROUP, INC.
CORPORATE STRUCTURE**



OVERFLOW PAGE FOR WRITE-INS

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