



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2010
OF THE CONDITION AND AFFAIRS OF THE
ACE Insurance Company

NAIC Group Code 0626, NAIC Company Code 30953, Employer's ID Number 66-0600740
Organized under the Laws of Puerto Rico, State of Domicile or Port of Entry Puerto Rico
Country of Domicile United States
Incorporated/Organized 01/16/1987, Commenced Business 01/01/1988
Statutory Home Office 1445 Roosevelt Ave. 5th Fl. Suite 5A, San Juan, PR 00920-2717
Main Administrative Office 1445 Roosevelt Ave. 5th Fl. Suite 5A, San Juan, PR 00920-2717
Mail Address P.O. Box 191249, San Juan, PR 00919-1249
Primary Location of Books and Records 1445 Roosevelt Ave. 5th Fl. Suite 5A, San Juan, PR 00920-2717
Internet Website Address
Statutory Statement Contact Marilyn Campos, 787-274-4770
marilyn.campos@acegroup.com, 787-641-2592

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Officers listed include Judith Hernandez (President), Janice Viera (Treasurer), Michael Hoffmann (Secretary).

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Directors listed include Judith Hernandez, Janice Viera, Fernando Jimenez, Maria Toledo, Michael Hoffmann, Roberto Salcedo, Javier Mendez.

State of Puerto Rico

County of San Juan 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.

Judith Hernandez
President

Michael Hoffmann
Secretary

Janice Viera
Treasurer

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 04/11/2011
3. Number of pages attached

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**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).....	75,399,906		75,399,906	67,378,946
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....	4,560,209		4,560,209	4,686,989
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....21,664,501 , Schedule E - Part 1), cash equivalents (\$ .....0 , Schedule E - Part 2) and short-term investments (\$ .....0 , Schedule DA).....	21,664,501		21,664,501	16,731,247
6. Contract loans (including \$ .....premium notes).....			0	0
7. Derivatives .....			0	0
8. Other invested assets (Schedule BA) .....	0		0	0
9. Receivables for securities .....			0	0
10. Securities lending reinvested collateral assets.....			0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	101,624,616	0	101,624,616	88,797,182
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued .....	606,327		606,327	588,553
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	9,798,124	305,336	9,492,788	7,369,811
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premium).....			0	0
15.3 Accrued retrospective premiums .....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	2,060,413		2,060,413	2,241,954
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software.....	42,250		42,250	75,477
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	1,045,620	1,045,620	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	892,879	38,932	853,947	873,118
24. Health care (\$ ..... ) and other amounts receivable.....			0	0
25. Aggregate write-ins for other than invested assets .....	262,081	183,353	78,729	85,606
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	116,332,310	1,573,241	114,759,069	100,031,699
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	116,332,310	1,573,241	114,759,069	100,031,699
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. OTHER ASSETS.....	262,081	183,353	78,729	85,606
2502. PREPAID TAXES.....			0	0
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	262,081	183,353	78,729	85,606

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	34,575,157	31,239,338
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	12,619,815	12,274,086
4. Commissions payable, contingent commissions and other similar charges .....	697,905	398,414
5. Other expenses (excluding taxes, licenses and fees) .....	4,117,872	2,157,110
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	0	0
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....	0	0
7.2 Net deferred tax liability .....	0	0
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 15,827,252 and including warranty reserves of \$ .....)	20,232,126	17,677,406
10. Advance premium .....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	1,964,861	2,354,907
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	0	0
14. Amounts withheld or retained by company for account of others .....	533,763	477,734
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (Schedule F, Part 7) .....	140,018	483,057
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	2,780,145	3,395,677
20. Derivatives .....	0	0
21. Payable for securities .....	0	0
22. Payable for securities lending .....	0	0
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$ ..... and interest thereon \$ .....	0	0
25. Aggregate write-ins for liabilities .....	3,890,202	1,778,812
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	81,551,864	72,236,542
27. Protected cell liabilities .....	0	0
28. Total liabilities (Lines 26 and 27) .....	81,551,864	72,236,542
29. Aggregate write-ins for special surplus funds .....	8,524,440	8,060,262
30. Common capital stock .....	3,000,000	3,000,000
31. Preferred capital stock .....	0	0
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....	0	0
34. Gross paid in and contributed surplus .....	20,864,069	20,864,069
35. Unassigned funds (surplus) .....	818,696	(4,129,174)
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ .....)	0	0
36.2 ..... shares preferred (value included in Line 31 \$ .....)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....	33,207,205	27,795,157
38. Totals (Page 2, Line 28, Col. 3)	114,759,069	100,031,699
<b>DETAILS OF WRITE-INS</b>		
2501. LOSSES IN PROCESS .....	348,323	(99,474)
2502. MISCELLANEOUS LIABILITIES .....	1,511,586	(165,660)
2503. PROVISION FOR UNEARNED PREMIUM ASSESSMENTS .....	116	18,669
2598. Summary of remaining write-ins for Line 25 from overflow page .....	2,030,177	2,025,278
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,890,202	1,778,812
2901. CATASTROPHIC RESERVE .....	8,524,440	8,060,262
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	8,524,440	8,060,262
3201. PRIOR PERIOD ADJUSTMENT .....	0	0
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4) .....	32,137,939	26,662,874
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7) .....	7,092,441	4,947,755
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	4,458,300	4,218,184
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	15,240,061	12,359,698
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	26,790,802	21,525,637
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	5,347,137	5,137,238
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	2,873,473	2,698,257
10. Net realized capital gains (losses) less capital gains tax of \$ ..... (Exhibit of Capital Gains (Losses))	(186,734)	(804,849)
11. Net investment gain (loss) (Lines 9 + 10) .....	2,686,739	1,893,408
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... ) .....	0	0
13. Finance and service charges not included in premiums .....	0	0
14. Aggregate write-ins for miscellaneous income .....	(289,703)	(56,370)
15. Total other income (Lines 12 through 14) .....	(289,703)	(56,370)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	7,744,173	6,974,276
17. Dividends to policyholders .....	0	0
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) .....	7,744,173	6,974,276
19. Federal and foreign income taxes incurred .....	3,478,662	0
20. Net income (Line 18 minus Line 19) (to Line 22) .....	4,265,511	6,974,276
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	27,795,157	21,867,144
22. Net income (from Line 20) .....	4,265,511	6,974,276
23. Net transfers (to) from Protected Cell accounts .....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	0	0
25. Change in net unrealized foreign exchange capital gain (loss) .....	0	0
26. Change in net deferred income tax .....	0	0
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) .....	808,398	45,221
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	343,039	479,861
29. Change in surplus notes .....	0	0
30. Surplus (contributed to) withdrawn from protected cells .....	0	0
31. Cumulative effect of changes in accounting principles .....	0	0
32. Capital changes:		
32.1 Paid in .....	0	0
32.2 Transferred from surplus (Stock Dividend) .....	0	0
32.3 Transferred to surplus .....	0	0
33. Surplus adjustments:		
33.1 Paid in .....	0	0
33.2 Transferred to capital (Stock Dividend) .....	0	0
33.3 Transferred from capital .....	0	0
34. Net remittances from or (to) Home Office .....	0	0
35. Dividends to stockholders .....	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) .....	0	0
37. Aggregate write-ins for gains and losses in surplus .....	(4,900)	(1,571,345)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	5,412,048	5,928,013
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	33,207,205	27,795,157
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0
1401. OTHER INCOME .....	3,836	(56,370)
1402. PREPAID INCOME TAX .....	(293,539)	0
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	(289,703)	(56,370)
3701. PRIOR PERIOD ADJUSTMENT .....	0	0
3702. CATASTROPHE LOSSES RESERVE .....	(4,900)	(1,548,954)
3703. ADJUSTMENT PREMIUM BAD DEBT RESERVE .....	0	(22,391)
3798. Summary of remaining write-ins for Line 37 from overflow page .....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) .....	(4,900)	(1,571,345)

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	32,369,953	27,740,147
2. Net investment income.....	3,201,652	3,150,036
3. Miscellaneous income.....	(289,703)	(56,370)
4. Total (Lines 1 through 3).....	35,281,902	30,833,813
5. Benefit and loss related payments.....	3,575,081	5,818,685
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	17,068,745	16,278,666
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	3,478,662	0
10. Total (Lines 5 through 9).....	24,122,488	22,097,351
11. Net cash from operations (Line 4 minus Line 10).....	11,159,414	8,736,462
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	13,920,330	42,819,210
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	2,135
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	13,920,330	42,821,345
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	22,347,195	52,927,708
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	22,347,195	52,927,708
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	(8,426,865)	(10,106,363)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(4,900)	(1,571,344)
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	2,205,605	5,449,781
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	2,200,705	3,878,436
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	4,933,254	2,508,535
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	16,731,247	14,222,712
19.2 End of year (Line 18 plus Line 19.1).....	21,664,501	16,731,247

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire .....	(143,238)	1,695,475	2,290,014	(737,776)
2.	Allied lines .....	(754,929)	(3)	(1,529)	(753,403)
3.	Farmowners multiple peril .....	0	0	0	0
4.	Homeowners multiple peril .....	0	0	0	0
5.	Commercial multiple peril .....	9,427,717	4,106,554	4,346,580	9,187,691
6.	Mortgage guaranty .....	0	0	0	0
8.	Ocean marine .....	919,112	204,066	117,788	1,005,390
9.	Inland marine .....	349,722	236,497	217,971	368,248
10.	Financial guaranty .....	0	0	0	0
11.1	Medical professional liability - occurrence .....	0	0	0	0
11.2	Medical professional liability - claims-made .....	0	0	0	0
12.	Earthquake .....	1,833,034	942,966	1,045,357	1,730,643
13.	Group accident and health .....	4,181,828	165,238	149,413	4,197,652
14.	Credit accident and health (group and individual) .....	0	0	0	0
15.	Other accident and health .....	0	0	0	0
16.	Workers' compensation .....	25,968	15,493	13,354	28,108
17.1	Other liability - occurrence .....	18,787,029	10,050,169	11,845,264	16,991,934
17.2	Other liability - claims-made .....	0	0	0	0
17.3	Excess workers' compensation .....	0	0	0	0
18.1	Products liability - occurrence .....	2,538	0	2,215	323
18.2	Products liability - claims-made .....	0	0	0	0
19.1,19.2	Private passenger auto liability .....	0	0	0	0
19.3,19.4	Commercial auto liability .....	8,903	12,980	6,805	15,077
21.	Auto physical damage .....	604	1,003	506	1,102
22.	Aircraft (all perils) .....	0	0	0	0
23.	Fidelity .....	0	5,444	1,441	4,002
24.	Surety .....	0	0	0	0
26.	Burglary and theft .....	25,225	8,304	12,661	20,868
27.	Boiler and machinery .....	29,144	233,220	184,285	78,079
28.	Credit .....	0	0	0	0
29.	International .....	0	0	0	0
30.	Warranty .....	0	0	0	0
31.	Reinsurance - nonproportional assumed property .....	0	0	0	0
32.	Reinsurance - nonproportional assumed liability .....	0	0	0	0
33.	Reinsurance - nonproportional assumed financial Lines .....	0	0	0	0
34.	Aggregate write-ins for other lines of business .....	0	0	0	0
35.	<b>TOTALS</b>	<b>34,692,659</b>	<b>17,677,406</b>	<b>20,232,126</b>	<b>32,137,939</b>
<b>DETAILS OF WRITE-INS</b>					
3401.	.....	0	0	0	0
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0
3499.	Totals (Lines 3401 through 3403 + 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 .....	2,290,014				2,290,014
2.	Allied lines .....	(1,529)				(1,529)
3.	Farmowners multiple peril .....					0
4.	Homeowners multiple peril .....					0
5.	Commercial multiple peril .....	4,346,580				4,346,580
6.	Mortgage guaranty .....					0
8.	Ocean marine .....	117,788				117,788
9.	Inland marine .....	217,971				217,971
10.	Financial guaranty .....					0
11.1	Medical professional liability - occurrence .....					0
11.2	Medical professional liability - claims-made .....					0
12.	Earthquake .....	1,045,357				1,045,357
13.	Group accident and health .....	149,413				149,413
14.	Credit accident and health (group and individual) .....					0
15.	Other accident and health .....					0
16.	Workers' compensation .....	13,354				13,354
17.1	Other liability - occurrence .....	11,845,264				11,845,264
17.2	Other liability - claims-made .....					0
17.3	Excess workers' compensation .....					0
18.1	Products liability - occurrence .....	2,215				2,215
18.2	Products liability - claims-made .....					0
19.1,19.2	Private passenger auto liability .....					0
19.3,19.4	Commercial auto liability .....	6,805				6,805
21.	Auto physical damage .....	506				506
22.	Aircraft (all perils) .....					0
23.	Fidelity .....	1,441				1,441
24.	Surety .....					0
26.	Burglary and theft .....	12,661				12,661
27.	Boiler and machinery .....	184,285				184,285
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	20,232,126	0	0	0	20,232,126
36.	Accrued retrospective premiums based on experience .....					
37.	Earned but unbilled premiums .....					
38.	Balance (Sum of Lines 35 through 37)					20,232,126
<b>DETAILS OF WRITE-INS</b>						
3401.	.....					0
3402.	.....					0
3403.	.....					0
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	7,466,181		43,717	6,221,471	1,431,665	(143,238)
2. Allied lines .....	3,733,710			4,488,639		(754,929)
3. Farmowners multiple peril .....						0
4. Homeowners multiple peril .....						0
5. Commercial multiple peril .....	12,417,884		163,800	856,709	2,297,258	9,427,717
6. Mortgage guaranty .....						0
8. Ocean marine .....	2,168,575		4,348	1,222,811	31,000	919,112
9. Inland marine .....	1,054,723			705,001		349,722
10. Financial guaranty .....						0
11.1 Medical professional liability - occurrence .....						0
11.2 Medical professional liability - claims-made .....						0
12. Earthquake .....	1,781,500	332,000	1,347,083	1,070,992	556,557	1,833,034
13. Group accident and health .....	8,890,468		2,281,156	6,989,797		4,181,828
14. Credit accident and health (group and individual) .....						0
15. Other accident and health .....						0
16. Workers' compensation .....	75,670			49,702		25,968
17.1 Other liability - occurrence .....	31,262,424	14,903	1,410,119	11,349,604	2,550,814	18,787,029
17.2 Other liability - claims-made .....						0
17.3 Excess workers' compensation .....						0
18.1 Products liability - occurrence .....	7,250			4,713		2,538
18.2 Products liability - claims-made .....						0
19.1,19.2 Private passenger auto liability .....						0
19.3,19.4 Commercial auto liability .....	775,978			767,075		8,903
21. Auto physical damage .....	10,480			9,876		604
22. Aircraft (all perils) .....						0
23. Fidelity .....						0
24. Surety .....						0
26. Burglary and theft .....	38,937			13,712		25,225
27. Boiler and machinery .....	91,752			62,608		29,144
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	69,775,533	346,903	5,250,223	33,812,707	6,867,294	34,692,659
<b>DETAILS OF WRITE-INS</b>						
3401. ....						
3402. ....						
3403. ....						
3498. Sum. of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0
3499. Totals (Lines 3401 through 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 [ ]

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 \$ .....

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**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	51,069		18,109	32,960	1,489,428	978,976	543,412	(73.7)
2. Allied lines				.0	.0	.0	.0	0.0
3. Farmowners multiple peril				.0	.0	.0	.0	0.0
4. Homeowners multiple peril				.0	.0	.0	.0	0.0
5. Commercial multiple peril	14,175,260	56,288	12,920,104	1,311,444	1,551,813	1,973,275	889,982	9.7
6. Mortgage guaranty				.0	.0	.0	.0	0.0
8. Ocean marine	39,093		27,365	11,728	226,534	53,425	184,837	18.4
9. Inland marine	427,788		265,138	162,650	63,013	78,800	146,863	39.9
10. Financial guaranty				.0	.0	.0	.0	0.0
11.1 Medical professional liability - occurrence				.0	.0	.0	.0	0.0
11.2 Medical professional liability - claims-made				.0	.0	.0	.0	0.0
12. Earthquake				.0	650	.0	650	0.0
13. Group accident and health	2,501,046		1,443,583	1,057,463	1,070,441	1,002,526	1,125,379	26.8
14. Credit accident and health (group and individual)				.0	.0	.0	.0	0.0
15. Other accident and health				.0	.0	.0	.0	0.0
16. Workers' compensation	35,718		598	35,121	191,032	190,722	35,431	126.1
17.1 Other liability - occurrence	3,833,754	(76,045)	2,637,507	1,120,202	29,555,918	26,483,882	4,192,239	24.7
17.2 Other liability - claims-made				.0	.0	.0	.0	0.0
17.3 Excess workers' compensation				.0	.0	.0	.0	0.0
18.1 Products liability - occurrence				.0	.0	.0	.0	0.0
18.2 Products liability - claims-made				.0	.0	.0	.0	0.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	0.0
19.3,19.4 Commercial auto liability	29,332		20,678	8,654	11,577	21,162	(930)	(6.2)
21. Auto physical damage				.0	.0	.0	.0	0.0
22. Aircraft (all perils)				.0	.0	.0	.0	0.0
23. Fidelity				.0	.0	.0	.0	0.0
24. Surety				.0	.0	.0	.0	0.0
26. Burglary and theft	(1,450)		(48)	(1,403)	.0	7,500	(8,903)	(42.7)
27. Boiler and machinery	43,860		26,058	17,802	414,751	449,073	(16,520)	(21.2)
28. Credit				.0	.0	.0	.0	0.0
29. International				.0	.0	.0	.0	0.0
30. Warranty				.0	.0	.0	.0	0.0
31. Reinsurance - nonproportional assumed property	XXX			.0	.0	.0	.0	0.0
32. Reinsurance - nonproportional assumed liability	XXX			.0	.0	.0	.0	0.0
33. Reinsurance - nonproportional assumed financial lines	XXX			.0	.0	.0	.0	0.0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35. TOTALS	21,135,471	(19,757)	17,359,092	3,756,622	34,575,157	31,239,338	7,092,441	22.1
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498. Sum. of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	0.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

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**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**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	83,500		32,225	51,275	3,393,767		1,955,614	1,489,428	421,236
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril	5,596,819		4,045,006	1,551,813				1,551,813	
6. Mortgage guaranty				.0				.0	
8. Ocean marine	168,710		118,097	50,613	196,052		20,131	226,534	35,130
9. Inland marine	192,078		129,065	63,013				63,013	
10. Financial guaranty				.0				.0	
11.1 Medical professional liability - occurrence				.0				.0	
11.2 Medical professional liability - claims-made				.0				.0	
12. Earthquake		1,000	350	650				650	
13. Group accident and health	486,734		341,275	145,459	2,997,059		2,072,077	(a) 1,070,441	281,622
14. Credit accident and health (group and individual)				.0				.0	
15. Other accident and health				.0				(a) .0	
16. Workers' compensation	10,214			10,214	631,515		450,696	191,032	58,518
17.1 Other liability - occurrence	19,965,281	1,419,600	13,701,708	7,683,173	52,524,886		30,652,141	29,555,918	11,720,162
17.2 Other liability - claims-made				.0				.0	
17.3 Excess workers' compensation				.0				.0	
18.1 Products liability - occurrence				.0				.0	
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability	26,927		24,922	2,004	273,848		264,276	11,577	21,183
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery	797,905		558,534	239,372	557,953		382,574	414,751	81,964
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	27,328,167	1,420,600	18,951,181	9,797,586	60,575,081	0	35,797,509	34,575,157	12,619,815
<b>DETAILS OF WRITE-INS</b>									
3401.									
3402.									
3403.									
3498. Sum. of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

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**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 .....	4,491,725			4,491,725
1.2 Reinsurance assumed .....	69,078			69,078
1.3 Reinsurance ceded .....	2,477,888			2,477,888
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	2,082,915	0	0	2,082,915
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....		11,764,979		11,764,979
2.2 Reinsurance assumed, excluding contingent .....		1,057,501		1,057,501
2.3 Reinsurance ceded, excluding contingent .....		6,762,586		6,762,586
2.4 Contingent-direct .....		792,679		792,679
2.5 Contingent-reinsurance assumed .....				0
2.6 Contingent-reinsurance ceded .....				0
2.7 Policy and membership fees .....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	6,852,573	0	6,852,573
3. Allowances to manager and agents .....				0
4. Advertising .....	8,925	1,428,285		1,437,210
5. Boards, bureaus and associations .....	13,402	33,553		46,955
6. Surveys and underwriting reports .....		236,809		236,809
7. Audit of assureds' records .....				0
8. Salary and related items:				
8.1 Salaries .....	1,330,212	2,934,975		4,265,186
8.2 Payroll taxes .....	114,740	239,419		354,159
9. Employee relations and welfare .....	453,169	906,761		1,359,930
10. Insurance .....	8,024	16,023		24,047
11. Directors' fees .....				0
12. Travel and travel items .....	56,780	239,615		296,394
13. Rent and rent items .....	12,535	32,112		44,647
14. Equipment .....	51,305	116,280		167,584
15. Cost or depreciation of EDP equipment and software .....	77,292	209,800		287,093
16. Printing and stationery .....	27,706	209,207		236,913
17. Postage, telephone and telegraph, exchange and express .....	76,508	228,979		305,486
18. Legal and auditing .....	113,670	337,327		450,997
19. Totals (Lines 3 to 18) .....	2,344,266	7,169,145	0	9,513,411
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....				0
20.2 Insurance department licenses and fees .....		97,142		97,142
20.3 Gross guaranty association assessments .....		(48,774)		(48,774)
20.4 All other (excluding federal and foreign income and real estate) .....		15,130		15,130
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	63,499	0	63,499
21. Real estate expenses .....	88,532	166,636	126,780	381,948
22. Real estate taxes .....		130,150		130,150
23. Reimbursements by uninsured plans .....				0
24. Aggregate write-ins for miscellaneous expenses .....	(57,413)	858,058	94,063	894,708
25. Total expenses incurred .....	4,458,300	15,240,061	220,843	19,919,204
26. Less unpaid expenses - current year .....	12,619,815	4,815,777		17,435,592
27. Add unpaid expenses - prior year .....	12,274,086	2,555,524	0	14,829,610
28. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year .....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	4,112,571	12,979,808	220,843	17,313,222
<b>DETAILS OF WRITE-INS</b>				
2401. Balances Charge Off .....		41,266		41,266
2402. Income & Charges from Special Services .....	(65,214)	293,985		228,771
2403. General Expenses .....	7,801	61,802	94,063	163,666
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	461,005	0	461,005
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	(57,413)	858,058	94,063	894,708

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 54,122	54,135
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 2,986,972	3,004,734
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 35,447	35,447
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	3,076,541	3,094,316
11. Investment expenses		(g) 94,063
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) 126,780
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		220,843
17. Net investment income (Line 10 minus Line 16)		2,873,473
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 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 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$ 21,599 accrual of discount less \$ 240,772 amortization of premium and less \$ 76,888 paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.  
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.  
 (e) Includes \$ 1,135 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.  
 (f) Includes \$ accrual of discount less \$ amortization of premium.  
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.  
 (i) Includes \$ 126,780 depreciation on real estate and \$ 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			0		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	(186,755)		(186,755)		
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	21		21	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(186,734)	0	(186,734)	0	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives .....	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets .....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued .....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	305,336	495,654	190,318
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums.....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	1,045,620	1,209,847	164,227
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	38,932	182,489	143,557
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other than invested assets .....	183,353	493,648	310,296
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,573,241	2,381,639	808,398
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	1,573,241	2,381,639	808,398
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0
2501. OTHER ASSETS.....	183,353	200,109	16,757
2502. PREPAID TAXES.....	0	293,539	293,539
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	183,353	493,648	310,296

## NOTES TO FINANCIAL STATEMENTS

### Annual Statement for the Year 2010 of ACE Insurance Company Notes to Financial Statements

#### 1) Summary of Significant Accounting Policies

##### A) Accounting Practices

The accompanying financial statements of ACE Insurance Company have been prepared on the basis of accounting practices prescribed by the Office of the Insurance Commissioner of Puerto Rico. The Office of the Insurance Commissioner of Puerto Rico requires insurance companies domiciled in Puerto Rico 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 Office of the Insurance Commissioner of Insurance of Puerto Rico.

The only identified difference between Puerto Rico prescribed practices and NAIC statutory accounting practices (NAIC SAP) is the accounting for the Catastrophic Reserve. NAIC SAP allows the Catastrophic Reserve to be part of the "Restricted Surplus", but legislation in Puerto Rico requires the Catastrophic Reserve to be considered part in the Liabilities section and part in the Surplus, as stipulated in Law #227 of 2006 which amended the sections of the Insurance Code which govern the Catastrophic Reserve.

Insurers are required to contribute each year to the Catastrophic Reserve until such time as the Reserve exceeds 8% of the 100-year Probable Maximum Loss for hurricane. ACE Insurance Company calculates its PML exposure as \$101,508,568. The balance of the Reserve as of December 31, 2009 was \$10,085,540, and the fund earned \$469,077 in interest during the year. Thus as of December 31, 2010, the Reserve balance (\$10,554,617) exceeds the 8% threshold, and no additional contribution is required.

ACE Insurance Company would be permitted to withdraw excess funds from the Reserve, subject to approval of the Insurance Commissioner, but has determined not to request a withdrawal at this time.

Furthermore, the Law provides that the amount to be considered as a "Loss Reserve" shall be limited to 2% of the 100-year Hurricane exposure, and that any remaining balances in the Catastrophic Reserve may be considered as Equity for the purposes of the Solvency Margin calculation. Therefore, 2% of PML, or \$2,030,177 is to be deducted from Policy Holder Surplus with the remainder of the Reserve (\$8,524,439) being treated as Equity.

Rule #72, as amended in 2008, provides that an amount equivalent to 2% of PML is to be recorded as a Liability on line 2398 of the Balance Sheet, and that this Liability should be recorded over a four-year period, with at least a 20% increment in each year. As of December 31<sup>st</sup>, 2010 the amount of \$2,030,177 is reported in line 2398 as a Liability

Reconciliation of net income and policyholders' surplus between the amount presented in the accompanying financial statements (PR basis) and NAIC SAP follow:

Description	2010	2009
Net Income (Loss), PR basis	6,924,173	6,974,274
Effect of PR prescribed practice for Cat Reserve	0	0
Net income (Loss), NAIC SAP basis	6,924,173	6,974,274
Policyholders' surplus, PR basis	33,202,305	27,795,157
Effect of PR prescribed practice for Cat Reserve	4,900	0
Policyholder's surplus, NAIC SAP basis	33,207,205	27,795,157

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

**B) Use of Estimates.** The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

**C) Accounting Policies.** Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct and ceded business, except for accident and health premiums which, due to their short coverage period, are recognized as revenue when due. Reserves for assumed business are based on reports received from ceding companies.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions and direct marketing solicitation, are charged to operations as incurred. Additional

## NOTES TO FINANCIAL STATEMENTS

contingent commissions due to agents are recorded over the period in which related income is recognized under the terms of contracts between the Company and its agents. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest earned. Interest is recognized on an accrual basis. Realized capital losses include writedowns for impairments considered to be other than temporary.

During year 2007 the Company acquired a property for its office facilities in Puerto Rico for a cost of \$4,944,613. Depreciation expense related to this asset for the year ended December 31, 2010 amounted to \$126,780 (2009- \$126,780). Real Estate investments are classified on the balance sheet as properties occupied by the Company. The Company does not hold properties for Income or for Sale. Properties occupied by the Company are carried at depreciated cost. There are no encumbrances against the properties.

In the normal course of business the Company seeks to reduce the loss that may arise from events that can cause unfavorable underwriting results by reinsuring certain levels of risks in various areas of exposure with other insurers and reinsurers. The Company's primary reinsurance activity involves assuming and ceding insurance risks through quota share and excess of loss agreements. Reinsurance is ceded primarily to limit losses from large exposures and to permit recovery of a portion of direct losses, although ceded insurance does not relieve the originating insurer of its contingent liability. Risks ceded are treated as risks for which the Company is not liable. The Company would be liable only if a reinsurer fails to meet its obligations under reinsurance agreements. The Company also maintains certain excess loss and catastrophe insurance coverage.

Premiums and commissions related to insurance ceded are accounted for as a reduction of premiums written and acquisition and commission costs, respectively. Reinsurance recoveries are recorded as a reduction of losses and loss adjustment expenses incurred. A reserve is provided for unearned premiums and reinsurance balance receivables with unauthorized reinsurers. Also a reserve is provided for overdue amounts receivable from authorized reinsurers, as defined. Changes in these reserves are charged or credited to unassigned surplus.

In addition, the Company uses the following accounting policies:

- 1) Basis of Valuation of Short-term Investments:** Short-term investments are carried at cost and represent investments with remaining maturities (or repurchase dates under repurchase agreements) of one year or less at the date of acquisition. The Company does not hold short-term investments below investment grade.
- 2) Basis of Valuation of Bonds:** The Company's investment portfolio is composed of NAIC Class 1 and 2 grade securities.

Investment in debt securities designated as highest and high quality (NAIC designation 1 and 2) are generally stated at amortized cost and any premium or discounts are amortized to income using the interest method. Investment transactions are recorded on the basis of trade date. Realized gains and losses on sales of investment are determined using the specific identification method.

The disclosures of estimated fair market values are based on NAIC Securities Valuation Office (SVO) published market prices when available. If quoted market prices are not available, management's best estimate of fair value shall be based on quoted market price of a financial instrument with similar characteristics, or on industry recognized valuation techniques.

Declines in the fair value of invested assets below cost are evaluated for other than temporary impairment losses. Impairment losses for declines in value of fixed-maturity and equity securities investments below cost attributable to issuer-specific events are based upon all relevant facts and circumstances for each investment and are recognized when appropriate in accordance with statutory accounting principles and related guidance. For fixed-maturity investments with unrealized losses due to market conditions or industry-related events where the Company has the positive intent and ability to hold the investment for a period of time sufficient to allow a market recovery or to maturity, declines in value below cost are assumed to be temporary.

At December 31, 2010 and 2009 investments with carrying value of \$1,619,084 and \$1,618,508 respectively (estimated market value of \$1,706,623 and \$1,670,034 respectively) are deposited with the Insurance Commissioner of the Commonwealth of Puerto Rico to meet a statutory deposit requirement. These securities are in trust for the protection of the Company's policyholders and creditors pursuant to requirements of the Puerto Rico Insurance Code.

At December 31, 2010 and 2009, investments with a carrying value of \$11,980,435 and \$10,758,605 (market value of \$12,121,468 and \$10,732,489 respectively) and short-term investments with a carrying value of \$970,345 and \$169,422 respectively, are deposited in a trust to meet the statutory standard of Act. 73 of August 12, 1994 and Chapter 25 of the Insurance Code of Puerto Rico ("Insurance Code") as described in Note 9. These securities continued to be owned by the Company, but their use is restricted by

## NOTES TO FINANCIAL STATEMENTS

the provisions of the Insurance Code.

- 3) **Basis of Valuation of Common Stocks:** Not applicable
- 4) **Basis of Valuation of Preferred Stocks:** Not applicable
- 5) **Basis of Valuation of Mortgage Loans:** Not applicable
- 6) **Basis of Valuation of loan-backed Securities:** Investment grade loan-backed securities are stated at amortized value. The Company does not hold Loan-backed Securities valued below Investment Grade.
- 7) **Basis of Valuation of subsidiary, controlled and affiliated companies:** The Company has an investment, valued at \$50,000 in ACE Insurance Agency. This entity is a wholly-owned subsidiary of ACE Insurance Company, and is currently inactive.
- 8) **Basis of valuation of joint ventures, partnerships, LLCs:** Not applicable
- 9) **Basis of valuation of derivatives:** Not applicable
- 10) **Premium Deficiency Reserve:** The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
- 11) **Method of establishing loss and LAE Reserves:** 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. Estimated amounts of salvage and subrogation on paid losses are not anticipated by the Company. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities 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.
- 12) **Change in Capitalization Policy:** The Company has a capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, other equipment and leasehold improvements. The predefined capitalization thresholds under this policy have not changed from those of the prior year.
- 13) **Method of estimating pharmaceutical rebate receivables:** Not applicable

### 2) Accounting Changes and Corrections of Errors

Not Applicable

### 3) Business Combinations and Goodwill

Not Applicable

### 4) Discontinued Operations

Not Applicable

### 5) Investments

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. No accrued investment income was excluded during the years 2010 and 2009.

B) **Amounts Non-admitted:** None

### 8) Derivative Instruments

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

### 9) Income Taxes

As of December 31, 2008, the Company had accumulated Net Operating Loss Carry-forwards available for use in 2009 of \$5,681,987, of which \$3,063,669 expire in 2011 and \$2,618,318 expire in 2012. Additionally the Company had a pre-paid tax credit resulting from overpayments valued at \$499,924.

The Net Operating Loss carry-forwards and the prepaid tax credit available at the end of 2009 was used towards the income tax declaration for 2009. There is no Deferred Tax Asset as of December 31<sup>st</sup>, 2010.

### 10) Information Concerning Parent, Subsidiaries and Affiliates

**A) Nature of Relationships:** The Company is directly owned by ACE INA International Holdings. The ultimate parent company is ACE Limited. See the organization list in Schedule Y for full particulars.

The Company purchases reinsurance from several affiliated companies, notable ACE Property & Casualty, ACE American Insurance Company, Insurance Company of North America, and ACE Tempest Re. Details of balances with affiliated reinsurers may be found in Schedule F.

#### B) Detail of Transactions greater than 1/2% of Admitted Assets:

- 1) The Company had Intercompany Transactions with Insurance Company of North America (INA). Balances outstanding as of December 2009 and 2010 may be found in Note 10-D below. Settlements were made with the entity for \$74,659 (due to INA).
- 2) Additionally, the Company had Intercompany Transactions with Indemnity Insurance Company of North America (IINA). Balances outstanding as of December 2009 and 2010 may be found in Note 10-D below. Settlements were made with the entity on December 2010 for \$255,529 (due from IINA).
- 3) Also, the Company had transactions associated with Payroll Servicing with ACE American. Balances outstanding as of December 2009 and 2010 may be found in Note 10-D below. During the year, ACE American billed the Company for payroll services in the amount of \$5,397,800, and the Company made payments to ACE American in the amount of \$5,816,846.

**C) Change in Terms of Intercompany Relationships:** As of January 1, 2008, the Company entered into a Service agreement with affiliated entities Insurance Company of North American and Indemnity Insurance Company of North America, related to those two entities' operations in Puerto Rico and the US Virgin Islands respectively. The terms of the agreement establish that the Company will provide management and administrative services for the affiliates' business in PR and USVI, in exchange for a management fee. This agreement was subsequently modified on October 9, 2009 clarifying that the services provided may include Cash Management services. In the course of fulfilling these functions, the Company may collect or disburse funds on behalf of the two affiliates. These transactions do not affect the Company's reported results. These balances are subsequently settled via Intercompany settlements. Intercompany balances outstanding as of year-end are detailed in Note 10-D below.

The Company has entered into a service contract with ACE American Insurance Company (ACE American) under which ACE American provides payroll support services and makes payroll payments on the Company's behalf. Balances due are reimbursed to ACE American by the Company within no later than 90 days. Total payments during 2010 were \$5,816,846 which corresponds to salaries of from November 2009 to November 2010. December 2010 was paid in 2011.

**D) Amounts due to or from related parties:** The Company reported gross Receivables/(Payables) from/to parent, subsidiaries and affiliates of -\$1,566,825 and -\$2,340,071 as of December 31, 2010 and December 31, 2009 respectively. The Company's policy is to settle affiliate balances no later than ninety days of statement date. The schedule below details the affiliated Company receivables/(payables). In 2010, the Company has classified \$38,932 of affiliate recoverables as non-Admitted which are not covered by service contracts and \$182,489 in 2009.

Affiliate	2010	2010	2009	2009
	Amount receivable	Amount payable	Amount receivable	Amount payable
Bermuda / AFIA-NOC	18,531	(1,104)	14,242	(64)
ACE American Insurance Company	4,722	(661,961)	4,723	(1,081,007)
INA Indemnity – USVI	843,410	(1,616,104)	866,658	(2,210,689)
ACE Insurance Agency	15,678	(1,451)	15,679	(1,451)
ACE INTL MANAGEMENT CORP				
INA of Puerto Rico	10,538	(499,524)	6,459	(95,067)
ACE Argentina			10,918	(7,399)
AIHH Life			136,928	
<b>Subtotal</b>	<b>892,879</b>	<b>(2,780,144)</b>	<b>1,055,607</b>	<b>(3,395,677)</b>

## NOTES TO FINANCIAL STATEMENTS

Reclassified as non-admitted	(38,932)		(189,421)	
Total admitted from parents, subsidiaries and affiliates	853,947	(2,780,144)	873,118	(3,395,677)

- E) Guarantees or contingencies for related parties:** There are no guarantees or undertakings for the benefit of an affiliate which result in a material contingent exposure of the Company or any affiliated insurer's assets or liabilities which are not disclosed in Note 14.
- F) Management, service contracts, and cost-sharing arrangements:** Below is a description of material management or service contracts and cost-sharing arrangements involving the group and any related party. This includes, but is not limited to sale lease-back arrangements, computer or fixed asset leasing arrangements and agency contracts, that remove assets that may otherwise be recorded (and potentially non-admitted) on the group's financial statements:
- 1) As mentioned in 10-C above, the Company has entered into a service contract with ACE American under which ACE American provides payroll support services and makes payroll payments on the Company's behalf. Balances due are reimbursed to ACE American by the Company within no later than 90 days.
  - 2) The Company has a service arrangement with Cover Direct, Inc. for "Cover Direct" service which include service related to reinsurance administration and related financial support. The total amount paid during 2010 was \$351,204.
  - 3) The Company has a service agreement with ACE International Management Corporation under the Accounting Services Agreement. The total amount paid during 2010 was \$9,295.
  - 4) The Company has a service agreement with ACE Asset Management Corporation under the Accounting Services Agreement. The total amount paid during 2010 was \$32,467.
- G) Nature of relationships that could affect operations.** See Schedule Y for a complete listing of affiliated companies.
- H) Amount deducted for investment in Upstream Company:** Not Applicable
- I) Detail of investments in affiliates greater than 10% of Admitted Assets:** The Company does not own stock in affiliates which exceed 10% of Admitted Assets.
- J) Writedowns for impairments of investments in affiliates:** Not Applicable
- K) Foreign insurance subsidiary valued using CARVM:** Not Applicable
- L) Downstream holding company valued using look-through method:** Not Applicable

**11) Debt**

Not Applicable

**12) Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

Eligible Employees of ACE Limited and its subsidiaries in the United States are covered under a defined contribution plan which allows employee contributions. Under this plan, non-highly compensated employees may contribute up to 50%, and highly compensated employees up to 10% of their salary.

For employees hired subsequent to January 1, 2009, the Company matches 50% of the participants' contribution, up to 6% of the participants' eligible earnings. Bonuses are excluded for the purposes of determining eligible earnings.

For employees hired prior to that date, the Company matches 100% of the participants' contribution, up to 6% of the participants' eligible earnings.

Full vesting of benefits is reached after 2 years of service for employees hired after October 2004, and 1 year of service for employees hired prior to that date. These contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third party investment advisor.

In addition, the Company sponsors a qualified, non-contributory defined contribution plan covering substantially all of its domestic employees. The Company contributes an amount equal to 6% of the participants' eligible earnings. Bonuses are excluded for the purposes of determining eligible salary for employees hired after January 1, 2009. Full vesting of benefits is also reached after 2 years of service for employees hired after October 2004, and 1 year of service for employees hired prior to that date, and these contributions are invested at the election of

## NOTES TO FINANCIAL STATEMENTS

each employee in one or more of several investment portfolios offered by a third party investment advisor.

### 13) Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- A) **Outstanding shares:** The Company has 5000 “Class A” Shares outstanding with a par value of \$100 each. Additionally, there are 5000 “Class B” Shares outstanding with a par value of \$500 each
- B) **Dividend rate of preferred stock:** Not Applicable.
- C) **Dividend restrictions:** Chapter 29 of the Puerto Rico Insurance Code establishes that cash dividends may only be paid from funds generated by Unassigned Funds (surplus).
- D) **Dates and amounts of dividends paid:** The Company did not pay any dividends in the Current Year.
- E) **Amounts of ordinary dividends that may be paid:** At present, the Company has negative Unassigned Funds, and is ineligible to pay dividends until such time as it has a positive balance in this account.
- F) **Restrictions on Unassigned Funds:** There are no restrictions on the Unassigned Funds of the Company, other than as noted in 13-C and 13-E above and these unassigned funds are held for the benefit of the shareholders and policyholders.
- G) **Mutual Surplus Advances:** Not Applicable
- H) **Company Stock Held for Special Purposes:** Not Applicable
- I) **Changes in Special Surplus Funds**

As discussed in Note 1-A above, Chapter 25 of the Puerto Rico Insurance Code requires insurers to maintain a Catastrophic Reserve to protect against Catastrophic Losses. Insurers are required to contribute each year to the Catastrophic Reserve until such time as the Reserve exceeds 8% of the 100-year Probable Maximum Loss for hurricane.

ACE Insurance Company calculates its PML exposure as \$101,508,868. The balance of the Reserve as of December 31, 2009 was \$10,085,540, and the fund earned \$469,077 in interest during the year. Thus as of December 31, 2010, the Reserve balance (\$10,554,617) exceeds the 8% threshold, and no additional contribution is required.

The Law provides that the amount to be considered as a “Loss Reserve” shall be limited to 2% of the 100-year Hurricane exposure, and that any remaining balances in the Catastrophic Reserve may be considered as Equity for the purposes of the Solvency Margin calculation. Therefore, 2% of PML or \$2,030,177 is to be deducted from Policy Holder Surplus for the purposes of the Solvency Margin Calculation, with the remainder of the Reserve, \$8,524,440 being treated as Equity.

## NOTES TO FINANCIAL STATEMENTS

The table below summarizes transactions affecting the Catastrophic Reserve in 2009 and 2010.

	2010	2009
Catastrophic Reserve - Beginning Balance	10,085,540	9,527,581
Investment Income	469,077	557,959
Contributions	-	-
Withdrawals	-	-
Catastrophic Reserve - Ending Balance	10,554,617	10,085,540
Classified as Liability	2,030,177	2,025,278
Classified as Equity	8,524,440	8,060,262

**J) Changes in Unassigned Funds.** Unassigned funds (surplus) has a cumulative value of \$818,696 compared with a balance of -\$4,129,174 in 2009. Changes in Unassigned Funds are due to Income generated during the year, and changes in non-Admitted Assets, Provision for Reinsurance, Catastrophic Reserve and other items as detailed on Page 4 of the Annual Statement.

### 14) Contingencies

In accordance with Chapter 41 and Rule No. 56 of the Insurance Code of the Commonwealth of Puerto Rico, the Company is a member of "Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria" and "Sindicato de Aseguradores de Responsabilidad Profesional para Médicos." Both syndicates were created for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company share risk with other member companies and, accordingly, is contingently liable in the event that these syndicates cannot meet their obligations. During 2010 and 2009, no assessments or payments were received or made for these contingencies.

The Company is also a member of Puerto Rico Property and Casualty Insurance Guaranty Association and, as a member, is required to provide funds for the settlement of claims and reimbursements of unearned premiums of insurance policies issued by insolvent insurance companies operating in Puerto Rico, to an annual maximum of 2% of premiums written. For the year ended December 31, 2010, the Company recovered \$48,881 (2009 - \$34,499) of prior year assessments as permitted by the Commissioner of Insurance

### 15) Leases

#### A) Lessee Leasing Arrangements

Not Applicable

#### B) Lessor Leasing Arrangements

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 Extinguishments of Liabilities

Not Applicable

### 18) Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

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

The Company uses Managing General Agents to write and administer various insurance products. The terms of the MGA Contract give the MGAs Authority for premium collection. The Company retains Underwriting Authority for all policies issued under these agreements. As reported in the chart below, several MGAs write

## NOTES TO FINANCIAL STATEMENTS

direct premiums greater than 5% of Policyholders Surplus.

Agency	Address	Tax ID	Exclusive Contract	Type of Business Written	Type of Authority Granted	2010 Premium	2009 Premium
Eastern America Ins. Agency	PO Box 193900 San Juan, PR 00919-3900	660-38-8346	No	P&C / A&H	Premium collection	9,703,132	6,103,072
Corona Insurance	PO Box 16600 San Juan, PR 00908-6600	660-55-1184	No	P&C / A&H	Premium collection	4,414,077	1,793,248
Popular Insurance	PO BOX 70331 San Juan, PR 00936-8331	660-54-2973	No	P&C / A&H	Premium collection	4,291,682	3,710,664
Colonial Insurance Agency Inc.	PO Box 192511 San Juan, PR 00919-2511	660-38-1156	No	P&C / A&H	Premium collection	3,182,411	2,922,428
Overseas Insurance Ins Agency	PO Box 71467 San Juan, PR 00936-8567	660-44-2203	No	P&C / A&H	Premium collection	2,135,835	2,128,220
Global Insurance Agency Inc.	PO Box 9023918 San Juan, PR 00902-3918	660-35-6202	No	P&C / A&H	Premium collection	1,961,528	2,062,395
American Foreign Underwriters Corp.	PO Box 9023992 San Juan, PR 00902-3992	660-55-6475	No	P&C / A&H	Premium collection	N/A	2,513,379
Santander Insurance	PO Box 362589 San Juan, PR 00936-2589	660-43-4328	No	P&C / A&H	Premium collection	N/A	1,395,276
Triple-S (formerly Signature) Insurance Agency Inc.	PO Box 360838 San Juan, PR 00936-0838	660-28-6587	No	P&C / A&H	Premium collection	N/A	1,292,495
Insuramerica Agency	PO Box 193910 San Juan, PR 00919-3910	660-40-9138	No	P&C / A&H	Premium collection	N/A	826,157
RG Insurance	PO Box 194226 San Juan, PR 00919-4226	660-42-6756	No	P&C / A&H	Premium collection	N/A	740,543

## 20) Other Items

Not Applicable

## 21) Events Subsequent

There were no events occurring subsequent to the end of the current year through the date of this filing meriting disclosure

## 22) Reinsurance of the Property statement related to disclosure of the transfer of property and casualty run-off agreements.

Not Applicable

## 23) Reinsurance

**A) Unsecured reinsurance Recoverables:** As of December 31, the Company has a significant recoverable amount from affiliated reinsurers for losses paid and unpaid, including incurred but not reported losses, loss adjustment expenses, and unearned premiums, exceeding 3% of Company's capital and surplus of approximately:

	Federal ID Number	NAIC Company Code	2010 Reinsurance Recoverable	2009 Reinsurance Recoverable
ACE Tempest	AA-3190770		60,911,138	62,450,465
ACE Property and Casualty	06-0237820	20699	15,720,767	8,111,195
Swiss Re. American Corp.	13-1675535	25364	823,010	977,317
Hannover Ruckversicherun Ag	AA-1340125		640,357	994,095
Munich Reinsurance Co.	AA-1120011		1,451,746	4,764,418

**B) Reinsurance Recoverable in Dispute:** The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholder's surplus in aggregate.

## NOTES TO FINANCIAL STATEMENTS

## C) Reinsurance Assumed and Ceded and Protected Cells.

- 1) **Maximum Return Commission Due Reinsurers:** The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2010 and 2009.

	2010					
	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	-	-	6,937	1,179	(6,937)	(1,179)
b. All other	2,076	311	8,890	1,511	(6,814)	(1,200)
c. Totals	2,076	311	15,827	2,690	(13,751)	(2,379)
d. Direct UPR	33,983				Net UPR	20,232

	2009					
	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	-	-	8,912	1,543	(8,912)	(1,543)
b. All other	1,120	159	4,866	843	(3,746)	(684)
c. Totals	1,120	159	13,778	2,386	(12,658)	(2,227)
d. Direct UPR	30,335				Net UPR	17,677

- 2) **Additional or Return Commission, or Profit Sharing:** Certain agency agreements provide for additional commissions based on the actual loss experience of the produced business. Amounts accrued at the end of the year for 2010 were 697,905 compared with \$398,414 for 2009.

Ceded reinsurance on contracts do not provide for return commission based on actual experience of reinsurance business.

- 3) **Protected Cells:** The Company does not use protected cells as an alternative to traditional reinsurance.

D) **Uncollectible Reinsurance:** N/A

E) **Commutation of ceded reinsurance:** There were no commutations of reinsurance during the reporting period.

F) **Retroactive Reinsurance:** Not Applicable

G) **Reinsurance accounted for as deposit:** Not Applicable.

#### 24) Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable

## NOTES TO FINANCIAL STATEMENTS

## 25) Changes in Incurred losses and Loss Adjustment Expenses

Activity in the liability for unpaid claims (loss) and claims (loss) adjustment expenses follows:

Line of Business	2010 Calendar Year Incurred Losses & LAE	2010 Accident Year Incurred losses & LAE	Shortage (Redundancy)
Home / Farm			
Commercial Multiple Peril	2,681,488	1,401,868	1,279,620
Special Property	903,385	1,784,331	(880,945)
Group Accident & Health	1,427,714	1,532,073.30	(104,360)
Workers' Compensation	87,150	23,296	63,854
Other Liability – Occurrence	6,227,991	12,205,310	(5,977,319)
Commercial Auto Liability	4,273	28,815	(24,542)
Special Liability	218,741	500,157	(281,416)
Auto Physical Damage			
Fidelity/Surety			
<b>Totals</b>	<b>11,550,741</b>	<b>17,475,850</b>	<b>(5,925,109)</b>

<i>In thousands of dollars</i>	2010	2009
Reserve for Unpaid Losses and LAE, Beginning	108,533	115,531
Less Reinsurance Recoverable on Unpaid Losses	(65,020)	(71,942)
Net Reserve for Unpaid Losses and LAE, Beginning	43,513	43,589
Total Incurred, Current Year	17,476	14,702
Total Incurred, Prior Year	(5,925)	(5,536)
Total Incurred, Net of Recoveries	11,551	9,166
Less Loss and LAE Paid from		
Current Year	(2,607)	(5,803)
Prior Year	(5,262)	(3,439)
Total Paid	(7,869)	(9,242)
<b>Net Reserve for Unpaid Losses and LAE, End of Year</b>	<b>47,195</b>	<b>43,513</b>

As indicated in Note 1 to the financial statements changes in the ultimate liabilities for insured events may be required as information develops which varies from experience, provides additional data or, in some cases, augments data which previously were not considered sufficient for use in determining loss reserves.

## 26) Intercompany Pooling Arrangements

Not Applicable

## 27) Structured Settlements

Not Applicable

## 28) Health Care Receivables

Not Applicable

## 29) Participating Policies

Not Applicable

## 30) Premium Deficiency Reserves

The company does not anticipate that losses, loss adjustment expenses, and other expenses will exceed unearned premium reserves, and has therefore not created a Premium Deficiency Reserve.

## 31) High Deductibles

## NOTES TO FINANCIAL STATEMENTS

Not Applicable

**32) Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**

Not Applicable

**33) Asbestos/Environmental Reserves**

Not Applicable

**34) Subscriber Savings Accounts**

Not Applicable

**35) Multiple Peril Crop Insurance**

Not Applicable

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [  ] 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 [  ] No [  ] NA [  ]
- 1.3 State Regulating? .....  
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 [  ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2006
- 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. ....
- 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). ....
- 3.4 By what department or departments? .....
- 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 [  ] No [  ] NA [  ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [  ] No [  ] NA [  ]
- 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 [  ]
  - 4.12 renewals? ..... Yes [  ] No [  ]
- 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 [  ]
  - 4.22 renewals? ..... Yes [  ] No [  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 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 Company 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 [  ]
- 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 [  ]
- 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

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**GENERAL INTERROGATORIES**

- 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, PO Box 71220, San Juan, PR 00936
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ]
- 10.8 If the response to 10.7 is no or n/a, please explain
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? .....  
Juan Carlos Rodriguez, Bosques de Alisos No. 47-A Piso 1, Col. Bosques de las Lomas, Mexico, DF 05120, VP Actuarial, ACE Seguros SA
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company .....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value ..... \$ .....
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ X ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

**BOARD OF DIRECTORS**

15. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
16. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? ..... Yes [ X ] No [ ]

# GENERAL INTERROGATORIES

## FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.11 To directors or other officers .. \$ .....
  - 19.12 To stockholders not officers ... \$ .....
  - 19.13 Trustees, supreme or grand (Fraternal only) ..... \$ .....
- 19.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.21 To directors or other officers ... \$ .....
  - 19.22 To stockholders not officers .... \$ .....
  - 19.23 Trustees, supreme or grand (Fraternal only) ..... \$ .....
- 20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others ..... \$ .....
  - 20.22 Borrowed from others ..... \$ .....
  - 20.23 Leased from others ..... \$ .....
  - 20.24 Other ..... \$ .....
- 21.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment ..... \$ .....
  - 21.22 Amount paid as expenses ..... \$ .....
  - 21.23 Other amounts paid ..... \$ .....
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ X ] No [ ]
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ ..... 853,947

## INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3)..... Yes [ X ] No [ ]
- 23.2 If no, give full and complete information, relating thereto
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [ ] No [ ] NA [ X ]
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. .... \$ .....
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. .... \$ .....
- 23.7 Does the company's security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?..... Yes [ ] No [ ] NA [ X ]
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?..... Yes [ ] No [ ] NA [ X ]
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?..... Yes [ ] No [ ] NA [ X ]
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) ..... Yes [ X ] No [ ]
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- 24.21 Subject to repurchase agreements ..... \$ .....
  - 24.22 Subject to reverse repurchase agreements..... \$ .....
  - 24.23 Subject to dollar repurchase agreements..... \$ .....
  - 24.24 Subject to reverse dollar repurchase agreements..... \$ .....
  - 24.25 Pledged as collateral..... \$ .....
  - 24.26 Placed under option agreements..... \$ .....
  - 24.27 Letter stock or securities restricted as to sale..... \$ .....
  - 24.28 On deposit with state or other regulatory body..... \$ ..... 13,599,519
  - 24.29 Other..... \$ .....
- 24.3 For category (24.27) provide the following:

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

- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ ]  
If no, attach a description with this statement.
- 26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]
- 26.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

## GENERAL INTERROGATORIES

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? ..... Yes [  ] No [  ]

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

1 Name of Custodian(s)	2 Custodian's Address
Citibank, N.A.....	Hato Rey, PR.....
Banco Popular de Puerto Rico.....	Hato Rey, PR.....

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....
.....	.....	.....

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
.....	.....	.....
28.2999	TOTAL	0

28.3 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
.....	.....	.....	.....
.....	.....	.....	.....

**GENERAL INTERROGATORIES**

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
29.1 Bonds.....	75,399,906	77,409,177	2,009,271
29.2 Preferred Stocks.....	0		0
29.3 Totals	75,399,906	77,409,177	2,009,271

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

SVO and Black Rock Bank Statement.....

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

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [ X ] No [ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

31.2 If no, list exceptions:

**OTHER**

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....237,333

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

1 Name	2 Amount Paid
Insurance Service Office.....	218,363

33.1 Amount of payments for legal expenses, if any?.....\$ .....251,131

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

1 Name	2 Amount Paid
Fiddler, Gonzalez and Rodriguez.....	119,535
Colon & Colon.....	106,150

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

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

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

**GENERAL INTERROGATORIES**

(continued)

**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? ..... \$ .....

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. .... \$ .....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	\$ .....0	\$	.....0
2.2	Premium Denominator	\$ .....32,137,939	\$	.....26,662,874
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$ .....1,501,477	\$	.....1,422,660
2.5	Reserve Denominator	\$ .....67,427,098	\$	.....61,190,830
2.6	Reserve Ratio (2.4/2.5)	.....0.022		.....0.023

- 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 [ ] NA [ ]
- 5.22 As a direct expense of the exchange ..... Yes [ ] No [ ] NA [ ]

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

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:.....  
 The entity does not participate in workers' compensation.....
- 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 entity utilizes the system Risk Link to provide calculations of PML. This program operates according to proprietary algorithms. Our results are reviewed and certified by a competent third-party, and copies of certification are provided annual to the Office of the Insurance Commissioner.....
- 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 entity maintains a Catastrophic Reserve, as required by local regulation. As of December 31, 2010, this reserve was valued at \$10,554,617. As discussed in Note 13 above, this reserve was distributed \$2,030,177 as Liability and \$8,524,440 as Surplus.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes  No
- 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
- 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 the risk, or portion thereof, reinsured?..... Yes  No
- 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
- 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 agreements 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
- 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
- 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   
 (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   
 (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
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

**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 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses..... \$ .....
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ .....
- 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?..... \$ .....
- 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 ] NA [ ]
- 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 the 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 the current year:
- 12.61 Letters of Credit..... \$ .....
- 12.62 Collateral and other funds..... \$ .....
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): ..... \$ .....
- 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. ....
- 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 [ ]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [ ] No [ ]
- 14.5 If the answer to 14.4 is no, please explain:  
 .....
- 15.1 Has the reporting entity guaranteed any 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 .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.12 Products .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.13 Automobile .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.14 Other* .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

\* 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 not 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 accounts?..... 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..... \$ .....

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**FIVE-YEAR HISTORICAL DATA**

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

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Gross Premiums Written</b> (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)	33,546,345	29,625,779	26,175,866	28,462,198	26,530,372
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	15,808,331	12,326,962	11,068,292	15,031,601	14,407,118
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	14,846,359	16,561,689	13,458,570	23,661,209	18,796,603
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	11,171,624	9,569,853	9,563,143	9,913,013	9,733,646
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	75,372,660	68,084,283	60,265,871	77,068,021	69,467,739
<b>Net Premiums Written</b> (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)	18,824,437	16,732,265	11,474,129	10,271,195	8,157,089
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,310,420	1,358,947	247,749	691,316	648,300
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	10,375,974	9,175,316	7,113,076	5,794,493	7,120,339
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,181,828	3,556,370	3,677,714	3,966,036	3,894,079
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	34,692,659	30,822,897	22,512,668	20,723,039	19,819,807
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	5,347,137	5,137,238	5,470,957	(2,930,250)	126,885
14. Net investment gain (loss) (Line 11)	2,686,739	1,893,408	2,252,267	3,692,177	2,919,542
15. Total other income (Line 15)	(289,703)	(56,370)	(6,683)	(34,123)	4,079
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	3,478,662	0	13,724	150,000	0
18. Net income (Line 20)	4,265,511	6,974,276	7,702,817	577,803	3,050,506
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	114,759,069	100,031,699	92,077,120	89,610,617	87,562,250
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	9,492,788	7,369,811	6,131,371	11,560,660	8,131,271
20.2 Deferred and not yet due (Line 15.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	81,551,864	72,236,542	70,209,977	76,208,552	72,523,889
22. Losses (Page 3, Line 1)	34,575,157	31,239,338	31,973,987	33,413,243	32,890,946
23. Loss adjustment expenses (Page 3, Line 3)	12,619,815	12,274,086	11,616,371	11,647,403	14,230,584
24. Unearned premiums (Page 3, Line 9)	20,232,126	17,677,406	13,517,383	13,788,567	9,931,478
25. Capital paid up (Page 3, Lines 30 & 31)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	33,207,205	27,795,157	21,867,144	13,402,065	15,038,362
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11)	11,159,414	8,736,462	6,615,996	66,232	3,521,841
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	33,207,205	27,795,157	21,867,144	13,402,065	15,038,362
29. Authorized control level risk-based capital	8,133,830	7,902,119	8,239,562	8,408,166	9,377,972
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	74.2	75.9	75.4	82.6	74.6
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	4.5	5.3	6.2	6.6	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	21.3	18.8	18.4	10.7	25.4
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	XXX	XXX	XXX	XXX
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	XXX	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	0	0	0	0	0
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains (losses) (Line 24) .....	0	0	0	0	0
51. Dividends to stockholders (Line 35) .....	0	0	0	0	0
52. Change in surplus as regards policyholders for the year (Line 38) .....	5,412,048	5,928,013	8,465,078	(1,636,296)	2,102,579
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	3,822,760	5,620,903	6,752,244	30,307,002	15,686,303
54. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	477,407	1,525,886	298,294	629,091	379,333
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	14,314,501	3,215,551	2,222,242	4,363,854	4,187,034
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	2,501,046	2,240,936	2,201,971	2,420,144	1,931,362
57. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
58. Total (Line 35) .....	21,115,714	12,603,276	11,474,750	37,720,091	22,184,031
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	1,163,977	3,226,339	2,581,641	5,260,697	4,786,482
60. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	194,207	527,110	122,278	155,294	208,465
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	1,340,974	993,553	480,113	1,769,948	2,484,865
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	1,057,463	935,402	970,984	1,083,917	910,161
63. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
64. Total (Line 35) .....	3,756,622	5,682,404	4,155,015	8,269,856	8,389,973
<b>Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0</b>					
65. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2) .....	22.1	18.6	11.9	52.1	34.6
67. Loss expenses incurred (Line 3) .....	13.9	15.8	13.1	7.2	24.6
68. Other underwriting expenses incurred (Line 4) .....	47.4	46.4	51.0	58.0	40.2
69. Net underwriting gain (loss) (Line 8) .....	16.6	19.3	24.0	(17.4)	0.7
<b>Other Percentages</b>					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) .....	44.8	40.3	51.6	47.4	38.8
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	35.9	34.4	25.0	59.3	59.2
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) .....	104.5	110.9	103.0	154.6	131.8
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11) .....	(4,972)	(6,190)	(7,949)	(2,889)	(2,170)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	(17.9)	(28.3)	(59.3)	(19.2)	(16.8)
<b>Two Year Loss Development (000 omitted)</b>					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....	(10,075)	(13,559)	(10,954)	(4,338)	4,447
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	(46.1)	(101.2)	(72.8)	(33.5)	46.0

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: .....

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**  
**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	151	39	650	318	7	0	9	451	XXX
2. 2001	64,682	54,631	10,051	28,344	17,402	6,234	3,896	2,065	0	0	15,345	XXX
3. 2002	70,812	45,739	25,073	24,646	10,910	4,203	1,911	3,183	0	0	19,211	XXX
4. 2003	83,069	60,226	22,843	21,326	14,570	3,890	2,415	2,642	0	0	10,873	XXX
5. 2004	80,958	63,007	17,951	24,804	17,019	3,726	2,620	2,780	0	529	11,671	XXX
6. 2005	73,402	55,472	17,930	38,545	34,158	3,272	3,355	2,807	0	0	7,111	XXX
7. 2006	69,508	50,380	19,128	6,906	3,986	1,390	869	1,555	0	0	4,996	XXX
8. 2007	68,955	52,089	16,866	7,069	4,397	1,212	720	1,552	0	26	4,716	XXX
9. 2008	66,655	43,871	22,784	7,035	4,618	1,377	749	1,589	0	(1)	4,635	XXX
10. 2009	63,404	36,741	26,663	6,119	2,754	525	172	1,429	0	121	5,147	XXX
11. 2010	70,769	38,631	32,138	12,498	11,535	53	9	1,600	0	0	2,607	XXX
12. Totals	XXX	XXX	XXX	177,442	121,388	26,533	17,033	21,209	0	683	86,763	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. ....	3,754	3,189	0	0	0	0	0	0	0	0	0	565	XXX
2. ....	1,142	698	2,384	1,563	0	0	689	458	379	0	0	1,874	XXX
3. ....	219	108	1,551	981	0	0	452	286	145	0	0	992	XXX
4. ....	599	185	1,809	1,564	0	0	525	452	183	0	0	915	XXX
5. ....	774	632	2,190	1,798	0	0	612	500	218	0	0	864	XXX
6. ....	2,988	2,098	2,545	1,665	0	0	702	461	323	0	0	2,335	XXX
7. ....	1,660	1,098	5,818	4,535	0	0	1,824	1,470	581	0	0	2,781	XXX
8. ....	1,402	699	8,919	6,783	0	0	2,660	2,060	842	0	0	4,282	XXX
9. ....	4,154	2,433	9,848	5,249	0	0	2,725	1,466	1,004	0	0	8,584	XXX
10. ....	3,800	1,395	10,502	6,001	0	0	2,789	1,600	1,041	0	0	9,136	XXX
11. ....	8,256	6,417	15,010	5,658	0	0	3,445	1,315	1,548	0	0	14,869	XXX
12. Totals	28,749	18,951	60,575	35,798	0	0	16,423	10,067	6,263	0	0	47,195	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. ....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	565	0
2. ....	41,236	24,017	17,219	63.8	44.0	171.3	0	0	0	1,264	610
3. ....	34,399	14,196	20,203	48.6	31.0	80.6	0	0	0	681	311
4. ....	30,974	19,186	11,788	37.3	31.9	51.6	0	0	0	659	256
5. ....	35,103	22,568	12,535	43.4	35.8	69.8	0	0	0	534	331
6. ....	51,182	41,736	9,446	69.7	75.2	52.7	0	0	0	1,771	564
7. ....	19,734	11,957	7,777	28.4	23.7	40.7	0	0	0	1,846	935
8. ....	23,657	14,659	8,998	34.3	28.1	53.3	0	0	0	2,839	1,443
9. ....	27,733	14,515	13,218	41.6	33.1	58.0	0	0	0	6,321	2,263
10. ....	26,205	11,922	14,283	41.3	32.4	53.6	0	0	0	6,905	2,231
11. ....	42,410	24,934	17,476	59.9	64.5	54.4	0	0	0	11,191	3,678
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	34,575	12,620

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.

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company**

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	One Year	Two Year
1. Prior	19,143	18,414	19,200	22,502	22,468	22,121	23,460	21,591	21,046	20,403	(643)	(1,188)
2. 2001	12,436	12,157	13,636	14,753	14,265	14,072	14,548	14,537	14,345	14,775	431	239
3. 2002	XXX	13,599	14,447	12,694	19,531	19,241	19,290	17,045	16,825	16,875	50	(170)
4. 2003	XXX	XXX	13,073	11,994	11,891	11,476	9,831	9,346	9,061	8,963	(97)	(382)
5. 2004	XXX	XXX	XXX	14,696	14,482	14,174	11,666	10,455	10,127	9,537	(590)	(918)
6. 2005	XXX	XXX	XXX	XXX	8,517	7,899	8,022	6,420	6,183	6,315	132	(104)
7. 2006	XXX	XXX	XXX	XXX	XXX	9,964	9,243	8,601	6,033	5,641	(392)	(2,961)
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	9,686	9,803	8,567	6,604	(1,963)	(3,198)
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,017	11,438	10,625	(813)	(1,393)
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,899	11,813	(1,086)	XXX
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,328	XXX	XXX
<b>12. Totals</b>											<b>(4,972)</b>	<b>(10,075)</b>

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1. Prior	000	5,994	11,311	14,104	14,939	16,783	17,638	18,373	19,395	19,839	XXX	XXX
2. 2001	2,219	6,203	8,169	10,008	11,245	11,997	12,403	12,754	13,116	13,280	XXX	XXX
3. 2002	XXX	2,453	6,197	6,840	13,611	15,127	15,559	15,694	15,871	16,028	XXX	XXX
4. 2003	XXX	XXX	1,470	3,717	5,566	6,825	7,360	7,804	7,991	8,231	XXX	XXX
5. 2004	XXX	XXX	XXX	2,537	5,329	7,337	8,639	8,930	9,078	8,891	XXX	XXX
6. 2005	XXX	XXX	XXX	XXX	(3,579)	(2,198)	2,162	3,029	3,469	4,304	XXX	XXX
7. 2006	XXX	XXX	XXX	XXX	XXX	1,149	2,206	2,705	3,148	3,441	XXX	XXX
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	1,006	1,766	2,672	3,165	XXX	XXX
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,009	2,350	3,045	XXX	XXX
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,177	3,718	XXX	XXX
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,007	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Prior	10,613	4,954	4,080	2,775	2,071	1,529	2,701	1,812	957	0
2. 2001	8,052	3,500	3,689	2,504	1,562	1,032	1,251	936	693	1,051
3. 2002	XXX	7,843	4,916	4,008	2,138	1,762	1,710	1,052	754	736
4. 2003	XXX	XXX	9,224	5,628	3,810	2,989	1,348	843	504	318
5. 2004	XXX	XXX	XXX	9,810	6,516	4,667	1,997	1,188	824	504
6. 2005	XXX	XXX	XXX	XXX	8,374	5,436	3,441	1,743	1,477	1,121
7. 2006	XXX	XXX	XXX	XXX	XXX	7,877	5,957	5,030	2,240	1,638
8. 2007	XXX	XXX	XXX	XXX	XXX	XXX	7,062	5,584	4,568	2,737
9. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,359	7,378	5,858
10. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,499	5,691
11. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,482

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE ACE Insurance Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	0	0	0	0	0	0	0	0
2. Alaska	AK	0	0	0	0	0	0	0	0
3. Arizona	AZ	0	0	0	0	0	0	0	0
4. Arkansas	AR	0	0	0	0	0	0	0	0
5. California	CA	0	0	0	0	0	0	0	0
6. Colorado	CO	0	0	0	0	0	0	0	0
7. Connecticut	CT	0	0	0	0	0	0	0	0
8. Delaware	DE	0	0	0	0	0	0	0	0
9. Dist. of Columbia	DC	0	0	0	0	0	0	0	0
10. Florida	FL	0	0	0	0	0	0	0	0
11. Georgia	GA	0	0	0	0	0	0	0	0
12. Hawaii	HI	0	0	0	0	0	0	0	0
13. Idaho	ID	0	0	0	0	0	0	0	0
14. Illinois	IL	0	0	0	0	0	0	0	0
15. Indiana	IN	0	0	0	0	0	0	0	0
16. Iowa	IA	0	0	0	0	0	0	0	0
17. Kansas	KS	0	0	0	0	0	0	0	0
18. Kentucky	KY	0	0	0	0	0	0	0	0
19. Louisiana	LA	0	0	0	0	0	0	0	0
20. Maine	ME	0	0	0	0	0	0	0	0
21. Maryland	MD	0	0	0	0	0	0	0	0
22. Massachusetts	MA	0	0	0	0	0	0	0	0
23. Michigan	MI	0	0	0	0	0	0	0	0
24. Minnesota	MN	0	0	0	0	0	0	0	0
25. Mississippi	MS	0	0	0	0	0	0	0	0
26. Missouri	MO	0	0	0	0	0	0	0	0
27. Montana	MT	0	0	0	0	0	0	0	0
28. Nebraska	NE	0	0	0	0	0	0	0	0
29. Nevada	NV	0	0	0	0	0	0	0	0
30. New Hampshire	NH	0	0	0	0	0	0	0	0
31. New Jersey	NJ	0	0	0	0	0	0	0	0
32. New Mexico	NM	0	0	0	0	0	0	0	0
33. New York	NY	0	0	0	0	0	0	0	0
34. No. Carolina	NC	0	0	0	0	0	0	0	0
35. No. Dakota	ND	0	0	0	0	0	0	0	0
36. Ohio	OH	0	0	0	0	0	0	0	0
37. Oklahoma	OK	0	0	0	0	0	0	0	0
38. Oregon	OR	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	0	0	0	0	0	0	0	0
40. Rhode Island	RI	0	0	0	0	0	0	0	0
41. So. Carolina	SC	0	0	0	0	0	0	0	0
42. So. Dakota	SD	0	0	0	0	0	0	0	0
43. Tennessee	TN	0	0	0	0	0	0	0	0
44. Texas	TX	0	0	0	0	0	0	0	0
45. Utah	UT	0	0	0	0	0	0	0	0
46. Vermont	VT	0	0	0	0	0	0	0	0
47. Virginia	VA	0	0	0	0	0	0	0	0
48. Washington	WA	0	0	0	0	0	0	0	0
49. West Virginia	WV	0	0	0	0	0	0	0	0
50. Wisconsin	WI	0	0	0	0	0	0	0	0
51. Wyoming	WY	0	0	0	0	0	0	0	0
52. American Samoa	AS	0	0	0	0	0	0	0	0
53. Guam	GU	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	69,775,533	66,127,733	0	21,135,471	25,051,982	87,903,248	0	0
55. U.S. Virgin Islands	VI	0	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	0	0	0	0	0	0	0	0
57. Canada	CN	0	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	(a) 0	69,775,533	66,127,733	0	21,135,471	25,051,982	87,903,248	0	0
<b>DETAILS OF WRITE-INS</b>									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Sum. of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	0	0	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.

Explanation of basis of allocation of premiums by states, etc.

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

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

### PART 1 - ORGANIZATIONAL CHART

- ACE American Insurance Company's ownership interest in Rain and Hail Insurance Service, Inc. was increased to 100% and, as a result, its subsidiaries were added to the chart.
- ACE Insurance Management (DIFC) Limited was incorporated and is owned by ACE European Holdings Limited.
- ACE INA International Holdings, Ltd. acquired 100% ownership of Jerneh Insurance Berhad in Malaysia.

Name	Jurisdiction of Organization	Percentage Ownership	Jurisdictions in which Authorized and Type of Business
<b>ACE Limited</b>	Switzerland	Publicly held	Switzerland, holding company
<b>ACE Insurance (Switzerland) Limited</b>	Switzerland	100%	Switzerland, insurance
ACE Reinsurance (Switzerland) Limited	Switzerland	100%	Switzerland, reinsurance
<b>ACE Group Management and Holdings Ltd.</b>	Bermuda	100%	Bermuda, holding company
ACE Bermuda Insurance Ltd.	Bermuda	100%	Bermuda, insurance, reinsurance, general and long term; Mexico, reinsurance
Paget Reinsurance International Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance
Paget Reinsurance Ltd.	Bermuda	100%	Bermuda, Class 3, long term insurer, segregated accounts company
ACE Capital Title Reinsurance Company (EI# 06-1434264, NAIC# 50028, NY)	USA (New York)	100%	CA, MI, NY, TX, title insurance/reinsurance
Oasis Investments Limited	Bermuda	33% 67% (ACE Tempest Reinsurance Ltd.)	Bermuda, Investment Holding
Oasis D1 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis D2 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis Investments 2 Ltd.	Bermuda	33% 67% (ACE Tempest Reinsurance Ltd.)	Bermuda, holding company
ACE Financial Solutions International, Ltd.	Bermuda	100%	Bermuda, insurance management
ACE Bermuda International Reinsurance (Ireland) Limited (formerly ACE European Markets Reinsurance Limited)	Ireland	100%	Ireland, non-life reinsurance

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

### PART 1 - ORGANIZATIONAL CHART

ACE Bermuda International Insurance (Ireland) Limited (formerly ACE European Markets Insurance Limited)	Ireland	100%	EEA/Europe, direct non-life insurance, UK branch
Corporate Officers & Directors Assurance Ltd.	Bermuda	100%	Bermuda, insurance
Oasis Real Estate Company Ltd.	Bermuda	100%	Bermuda, investment holding
Scarborough Property Holdings Ltd.	Bermuda	40%	Bermuda, investment holding
Sovereign Risk Insurance Limited	Bermuda	100%	Bermuda, insurance agent
Sovereign Risk Insurance (Dubai) Limited	UAE (Dubai)	100%	Dubai, insurance intermediary
ACE Realty Holdings Limited	Bermuda	100%	Bermuda, investment holding
Oasis Personnel Limited	Cayman Islands	100%	Cayman Islands, general services
Freisenbruch-Meyer Insurance Ltd.	Bermuda	40%	Bermuda, local and commercial insurance
Freisenbruch-Meyer Insurance Services Ltd.	Bermuda	40%	Bermuda, local and commercial insurance
Hamlin Capital Holdings Limited	Bermuda	100% Class A shares 50% Class B shares	Bermuda, holding company
Hamlin Capital Limited	Bermuda	100% Class A shares 30% Class B shares	Bermuda, special purpose entity
<b>ACE Global Markets Limited</b>	England & Wales	100%	UK, investment holding
ACE Group Holdings Limited	England & Wales	100%	UK, investment holding
ACE Tarquin	England & Wales	100%	UK, investment holding
ACE Capital V Limited	England & Wales	100%	UK, Lloyd's corporate member; capital provider
ACE Leadenhall Limited	England & Wales	100%	UK, investment holding
ACE Underwriting Agencies Limited	England & Wales	100%	UK, Lloyd's managing agency
ACE London Group Limited	England & Wales	100%	UK, investment holding
ACE Capital Limited	England & Wales	100%	UK, Lloyd's corporate member; capital providers
ACE Capital III Limited	England & Wales	100%	UK, Lloyd's corporate member
ACE Capital IV Limited	England & Wales	100%	UK, Lloyd's corporate member; capital providers
ACE London Holdings Limited	England & Wales	100%	UK, investment holding
ACE Capital II Limited	England & Wales	100%	UK, Lloyd's corporate member
ACE London Investments Limited	England & Wales	100%	UK, investment holding
ACE London Aviation Limited	England & Wales	100%	UK, Lloyd's managing agent
ACE London Underwriting Limited	England & Wales	100%	UK, Lloyd's managing agent

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

### PART 1 - ORGANIZATIONAL CHART

ACE Underwriting Services Limited	England & Wales	100%	UK, Lloyd's service company
ACE London Services Limited	England & Wales	100%	UK, service company
ACE Capital VI Limited	England & Wales	100%	UK, Lloyd's corporate member
<b>ACE Services Limited</b>	Cayman Islands	100%	Cayman Islands, general services
ACE Holdings (Gibraltar) Limited	Gibraltar	100%	Gibraltar, investment holding
ACE Gibraltar Limited	Gibraltar	100%	Gibraltar, insurance intermediary
<b>CGA Group Limited</b>	Bermuda	18.20%	Bermuda investment holding
Commercial Guaranty Assurance Ltd.	Bermuda	100%	Bermuda, insurance
<b>Oasis Insurance Services Ltd.</b>	Bermuda	100%	Bermuda, general services
<b>ACE Tempest Life Reinsurance Ltd.</b>	Bermuda	100%	Bermuda, insurance, reinsurance, general and long term (life, health, annuities)
ACE Europe Life Limited	England & Wales	100%	UK, life insurance and reinsurance
ACE Tempest Reinsurance Ltd.	Bermuda	100%	Bermuda, insurance/reinsurance, long term; Puerto Rico, reinsurance
Ltda. ACE Tempest Re Escritório de Representação no Brasil	Brazil	99.999999% 0.000001% (ACE Tempest Life Reinsurance Ltd.)	Brazil, representative services for ACE Tempest Reinsurance Ltd. in Brazil
Oasis Investments Limited	Bermuda	67% 33% (ACE Bermuda Insurance Ltd.)	Bermuda, investment holding
Oasis D1 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis D2 LLC	USA (Delaware)	100%	USA, investment holding company
Oasis Investments 2 Ltd.	Bermuda	67% 33% (ACE Bermuda Insurance Ltd.)	Bermuda, holding company
<b>ACE INA Holdings Inc.</b>	USA (Delaware)	20% 80% (ACE Group Holdings, Inc.)	USA, investment holding
<b>ACE Group Holdings, Inc.</b>	USA (Delaware)	100%	USA, CT, NY, PA, investment holding
ACE (CR) Holdings	England & Wales	100%	UK, holding company
ACE Capital VII Limited	England & Wales	100%	UK, Lloyd's capital vehicle
ACE (RGB) Holdings Limited	England & Wales	100%	UK, holding company
ACE (CIDR) Limited	England & Wales	100%	UK, Lloyd's agency

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

### PART 1 - ORGANIZATIONAL CHART

Ridge Underwriting Agencies Limited	England & Wales	100%	UK, Lloyd's agency
ACE Asset Management Inc.	USA (Delaware)	100%	DE, Bermuda permit corporation
ACE Life Insurance Company	USA (Connecticut)	100%	USA, life insurance company
ACE INA Holdings Inc.	USA (Delaware)	80% 20% (ACE Limited)	USA, investment holding
Combined Insurance Company of America	USA (Illinois)	100%	USA, Life, Health & Accident insurance company; also operates in Puerto Rico and the Virgin Islands and as a branch office in Canada, Australia, (General Insurance only), UK, Germany, and New Zealand.
C.I.C.A. Superannuation Nominees Pty. Ltd.	Australia	100%	Australia, non-operating company formerly used to administer mandated benefits for employees
Chiewchanwit Company Limited	Thailand	49% (51% held by seven individual shareholders)	Thailand, holding company
S.E.O.S. Limited	Thailand	51% 49% (Combined Insurance Company of America)	Thailand, holding company
Combined Insurance Company of Europe Limited	Ireland	100%	Ireland, Accident & health insurance company; also operates branch operations in Austria, Germany, Portugal & Spain.
Combined Insurance Company of New Zealand Limited	New Zealand	100%	New Zealand, not active
Combined International Services, Ltd.	United Kingdom	100%	United Kingdom, service company providing personnel and administrative services to CICA's UK operations.
Combined Life Insurance Company of Australia	Australia	100%	Australia, Life insurance company (in run-off).
Combined Life Insurance Company of New York	USA (New York)	100%	Insurance company (life, accident & health). Licensed in NY, FL, IL (only writes in NY).
Employee Benefit Communications, Inc.	USA (Florida)	100%	USA, service company providing enrollment services to CICA's Worksite division.
S.E.O.S. Limited	Thailand	49% 51% (Chiewchanwit Company Limited)	Thailand, holding company

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

### PART 1 - ORGANIZATIONAL CHART

Superannuation Fund (CICNZ) Limited	New Zealand	100%	New Zealand, non-operating company formerly used to administer mandated benefits for employees
VOL Properties Corporation	USA (Delaware)	100%	USA, legacy entity holds nominal real property interests
Huatai Insurance Company of China, Limited	China	5.91% 9.64% (ACE Tempest Reinsurance Ltd.) 5.78% (ACE US Holdings, Inc.)	China, property and casualty insurer
Asset Archives, Inc.	USA (Georgia)	25%	USA
Huatai Life Insurance Company, Limited	China	78.8574% 20% (ACE INA Holdings Inc.)	China, life insurance
INA Corporation	USA (Pennsylvania)	100%	USA, investment holding company
INA Tax Benefits Reporting, Inc.	USA (Delaware)	100%	USA, tax info & 3 <sup>rd</sup> party reporting
INA Financial Corporation	USA (Delaware)	100%	USA, investment holding
Brandywine Holdings Corporation	USA (Delaware)	100%	USA, holding company
Cravens, Dargan & Company, Pacific Coast	USA (Delaware)	100%	USA, managing general agency
Century Indemnity Company (EI# 06-6105395, NAIC #20710, PA)	USA (Pennsylvania)	100%	USA, insurance
Century International Reinsurance Company Ltd.	Bermuda	100%	Bermuda, insurance & reinsurance
INA Holdings Corporation	USA (Delaware)	100%	USA, holding company
ACE INA Properties, Inc.	USA (Delaware)	100%	USA, holding company
Conference Facilities, Inc.	USA (Pennsylvania)	100%	USA, owns & operates corporate facilities
INA Reinsurance Company, Ltd.	Bermuda	100%	Bermuda, reinsurance
ACE INA Financial Institution Solutions, Inc.	USA (Delaware)	100%	USA, floodplain determination & other services to financial institutions
American Lenders Facilities, Inc.	USA (California)	100%	USA, collection & loan servicing for third parties
ESIS, Inc.	USA (Pennsylvania)	100%	USA, markets risk management Programs

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

### PART 1 - ORGANIZATIONAL CHART

Safety Consulting	ACE Environmental Health and (Shanghai) Company Limited	China	100%	China, provides environmental engineering, health and safety consulting
	ESIS Asia Pacific Pte. Ltd.	Singapore	100%	Singapore, provides risk control services
Services, Inc.	Hygienetics Environmental	USA (Delaware)	100%	USA, provides environmental consulting services
	Proclaim America, Inc.	USA (Texas)	51%	USA, provides healthcare professional liability claims management
	Inviva, Inc.	USA (Delaware)	7.40% 23.65% (ACE Property and Casualty Insurance Company); 7.40% (ACE Financial Solutions, Inc.)	USA, insurance holding company
	NewMarkets Insurance Agency, Inc.	USA (Delaware)	100%	USA, managing general agency
Insurance Services,	ACE INA Excess and Surplus Inc.	USA (Pennsylvania)	100%	USA, excess & surplus lines broker
Insurance Services,	ACE INA Excess and Surplus Inc.	USA (California)	100%	USA, excess & surplus lines broker
	ACE Financial Solutions, Inc.	USA (Delaware)	100%	USA, premium finance company
	Inviva, Inc.	USA (Delaware)	7.40% 23.65% (ACE Property and Casualty Insurance Company); 7.40% (ESIS, Inc.)	USA, insurance holding company
	ACE Risk Solutions, Inc.	USA (New York)	100%	USA, reinsurance intermediary
America	Indemnity Insurance Company of North (EI# 06-1016108, NAIC #43575, PA)	USA (Pennsylvania)	100%	USA, Puerto Rico, USVI, insurance

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

PART 1 - ORGANIZATIONAL CHART

Company	ACE Indemnity Insurance EI# 92-0040526, NAIC #10030, PA) <b>EFFECTIVE 1/1/11 THIS ENTITY WAS SOLD TO ACE US HOLDINGS. INC., MERGED WITH WESTCHESTER FIRE INSURANCE COMPANY AND SUBSEQUENTLY CHANGED ITS NAME TO WESTCHESTER FIRE INSURANCE COMPANY.</b>	USA (Pennsylvania)	100%	USA, Guam, Northern Mariana Islands, USVI, insurance
	ACE American Insurance Company (EI# 95-2371728, NAIC# 22667, PA)	USA (Pennsylvania)	100%	USA, Bermuda Permit, Puerto Rico USVI, Branches in Bahrain, Korea, Taiwan, The Bahamas, insurance
Company PA)	Pacific Employers Insurance (EI# 95-1077060, NAIC# 22748,	USA (Pennsylvania)	100%	USA, USVI, insurance
Company #27960, IL)	Illinois Union Insurance (EI# 36-2759195, NAIC	USA (Illinois)	100%	USA, surplus lines insurer
Incorporated	Rain and Hail Insurance Service	USA (Iowa)	100%	USA, insurance holding company
Company #42757, IA)	Agri General Insurance (EI# 42-1204578, NAIC	USA (Iowa)	100%	USA, insurance
L.L.C.	Rain and Hail	USA (Iowa)	99%	USA, managing general agency
Service, Inc.	Agri General Insurance	USA (Iowa)	100%	USA, services company
L.L.C.	Rain and Hail	USA (Iowa)	1%	USA, managing general agency
Service International, Inc.	Rain and Hail Insurance	USA (Iowa)	100%	USA, insurance holding company
Insurance Corporation	Rain and Hail	(Canada)	100%	Canada, insurance

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

PART 1 - ORGANIZATIONAL CHART

Insurance Service, Rain and Hail Ltd.	(Canada)	100%	Canada, managing general agency
Brasil, Ltda. Rain and Hail do	(Brazil)	100%	Brazil, general agency
Insurance Service de C.V. Rain and Hail Mexico, S.A. de	(Mexico)	100%	Mexico, general agency
Inc. Rain and Hail Financial,	USA (Iowa)	100%	USA, services company
Agency, Inc. INAMAR Insurance Underwriting	USA (New Jersey)	100%	USA, insurance agency
Agency, Inc. of INAMAR Insurance Underwriting Texas	USA (Texas)	100%	USA, general agency
Insurance Company of North America (EI# 23-0723970, NAIC #22713, PA)	USA (Pennsylvania)	100%	USA, Guam, Northern Mariana Islands, Puerto Rico, Branches in Philippines, Taiwan, insurance
Bankers Standard Insurance Company (EI# 59-1320184, NAIC #18279, PA)	USA (Pennsylvania)	100%	USA, insurance
Company Bankers Standard Fire and Marine (EI# 75-6014863, NAIC #20591, PA)	USA (Pennsylvania)	100%	USA, insurance
Company ACE Property and Casualty Insurance (EI# 06-0237820, NAIC, #20699, PA)	USA (Pennsylvania)	100%	USA, Puerto Rico, insurance
Company ACE Fire Underwriters Insurance (EI# 06-6032187, NAIC #20702, PA)	USA (Pennsylvania)	100%	USA, insurance
Company Atlantic Employers Insurance (EI# 23-2173820, NAIC #38938, NJ)	USA (New Jersey)	100%	USA, insurance

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

### PART 1 - ORGANIZATIONAL CHART

Inc.	Cover All Technologies,	USA (Delaware)	8.1%	USA, develop software products for insurance industry
Midwest IN)	ACE Insurance Company of the (EI# 06-0884361, NAIC #26417,	USA (Indiana)	100%	USA, insurance
	ACE Tempest Re USA, LLC	USA (Connecticut)	100%	USA, reinsurance intermediary manager
	Inviva, Inc.	USA (Delaware)	23.65% 7.40% (ESIS, Inc.); 7.40% (ACE Financial Solutions, Inc.)	USA, insurance holding company
	ACE Structured Products, Inc.	USA (Delaware)	100%	USA, insurance management services & underwriting
Inc.	Recovery Services International,	USA (Delaware)	100%	USA, subrogation, collection & recovery services
	ACE INA International Holdings, Ltd.	USA (Delaware)	100%	USA, international insurance & financial holding company
Company	ACE Arabia Cooperative Insurance	Saudi Arabia	30%	Saudi Arabia, Insurance
	Jerneh Insurance Berhad	Malaysia	100%	Malasia, Insurance
	INACOMB S.A. de C.V.	Mexico	99.998% 0.002% (AFIA Finance Corporation)	Mexico, service company
	ACE Australia Holdings Pty Limited	Australia	100%	Australia, holding company
	ACE Insurance Limited	Australia	100%	Australia, general insurance & reinsurance
	PT. ACE Life Assurance	Indonesia	95.38%	Indonesia, life insurance
	ACE Life Insurance Company Limited	Vietnam	100%	Vietnam, life insurance
	ACE Insurance Company Limited	Vietnam	100%	Vietnam, property casualty
	ACE Seguradora S.A.	Brazil	99.99% 0.01% (AFIA Finance Corporation)	Brazil, insurance

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

### PART 1 - ORGANIZATIONAL CHART

ACE Participações Ltda.	Brazil	99% 1% (AFIA Finance Corporation)	Brazil, holding company
ACE Resseguradora S.A.	Brazil	99.99% .01% (ACE INA International Holdings, Ltd.)	Brazil, reinsurance company
ESIS Canada Inc.	Canada	100%	Ontario, claims adjustment company
Servicios ACEINA, S.A. de C.V.	Mexico	99.998% one share (AFIA Finance Corporation)	Mexico, service company
ACE Seguros S.A.	Argentina	94.62% 4.73% (AFIA Finance Corporation)	Argentina, Insurance
Agencia Chile ACE INA International Holdings Ltd.	Chile	100%	Chile, agent for ACE INA International Holdings, Ltd.
ACE Seguros de Vida S.A.	Chile	99.5% 0.5% (AFIA Finance Corporation Agencia en Chile)	Chile, life insurance
Ventas Personales Limitada	Chile	99% 1% (AFIA Finance Corporation Agencia en Chile)	Chile, insurance agency
ACE INA Overseas Holdings, Inc.	USA (Delaware)	100%	Delaware, holding company
ACE European Holdings Limited	England & Wales	100%	United Kingdom, holding company
ACE European Group Limited	England & Wales	30.8723% 69.1277% (ACE Insurance S.A.- N.V.)	Insurance and reinsurance, all EEA and Switzerland
Limited ACE European Holdings No 2	England & Wales	100%	United Kingdom, holding company
(DIFC) Limited ACE Insurance Management	Dubai International Financial Centre	100%	Dubai International Financial Centre

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

### PART 1 - ORGANIZATIONAL CHART

Company	CJSC ACE Insurance	Russia	100%	Russia, insurance and reinsurance
	ACE Insurance S.A.-N.V.	Belgium	99.9492% 0.0507% (ACE INA International Holdings Ltd.)	Belgium, holding company
Limited	ACE European Group	England & Wales	69.1277% 30.8723% (ACE European Holdings Limited)	Insurance and reinsurance, all EEA and Switzerland
	ACE Pension Trustee Limited	England & Wales	100%	United Kingdom, Trustee for UK Pension Programs
	CJSC ACE Life Insurance	Russia	100%	Russia, life insurance
	ACE Seguradora S.A.	Macau	99.94%	Macau, insurance
	ACE Holdings Limited	Cayman Islands	100%	Cayman Islands, holding company
	ACE Insurance Company Egypt S.A.E.	Egypt	96.89% 0.88% (ACE INA Services UK Ltd.) 0.88% (ACE European Holdings Limited)	Egypt, insurance
	ACE Life Insurance Company S.A.E.	Egypt	98.34% 0.98% (ACE Holdings Limited) 0.68% (AFIA Finance Corporation)	Egypt, life insurance
	ACE Synergy Insurance Berhad	Malaysia	51%	Malaysia, insurance
	ACE Seguros S.A.	Chile	78.33% (AIIH) 12.24% (AFIA Finance Corporation, Agencia en Chile) 9.10% - (AFIA Finance Corp. Chile Limitada)	Chile, insurance

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

### PART 1 - ORGANIZATIONAL CHART

	ACE Seguros S.A.	Colombia	99.958%	Colombia, insurance
	ACE Seguros S.A.	Ecuador	100%	Ecuador, insurance
	ACE Seguros S.A.	Mexico	99.9%	Mexico, insurance/assumed reinsurance
	ACE Seguros S.A.	Panama	100%	Panama, insurance
Seguros de Vida )	ACE Seguros S.A. (formerly Altas Cumbres Compañía de Seguros de Vida )	Peru	99.99% 0.01% (AFIA Finance Corporation)	Peru, life, accident and health insurance
	Eksupsiri Company Limited	Thailand	49% 50.99% (Nam Ek)	Thailand, holding company
	ACE Life Assurance Co. Ltd.	Thailand	75% 25% (Oriental Equity Holdings)	Thailand, life insurance
	Nam Ek Company Limited	Thailand	49%	Thailand, holding company
	Eksupsiri Company Limited	Thailand	50.99% 49% (AIIH)	Thailand, holding company
	Siam Liberty Company Limited	Thailand	50.9259% (Nam EK) 49% (AFC)	Thailand, broker, surveyor & claims settling agency
	Chilena Consolidada Seguros Generales, S.A.	Chile	.65%	Chile, insurance
	ACE Insurance Limited	South Africa	100%	South Africa, insurance
	ACE Insurance Limited	New Zealand	100%	New Zealand, general insurance/reinsurance
	ACE International Management Corporation	Pennsylvania	100%	Management Services
	Cover Direct, Inc.	USA (Delaware)	100%	Delaware service company
	ACE INA G.B. Holdings, Ltd	USA (Delaware)	100%	Delaware, UK, insurance holding
	ACE INA Services U.K. Limited	England & Wales	100%	UK, services company
	Century Inversiones, S.A.	Panama	100%	Panama, reinsurance administrator
B.S.C. (C)	ACE Arabia Insurance Company Limited	Bahrain	50%	Saudi Arabia, insurance & reinsurance
	ACE Insurance Limited	Pakistan	100%	Pakistan, insurance
	ACE INA Overseas Insurance Company Ltd.	Bermuda	100%	Bermuda, Thailand, insurance/reinsurance, general and long term
	ACE Canada Holdings, Inc.	USA (Delaware)	100%	Delaware, holding company
	INACAN Holdings Ltd.	Canada (Ontario)	100%	Ontario, holding company
	ACE INA Insurance	Canada	100%	Canada, insurance & reinsurance

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

### PART 1 - ORGANIZATIONAL CHART

	ACE INA Life Insurance	Canada	100%	Canada, life insurance
	ACE Tempest Re Canada Inc.	Canada (Quebec)	100%	Quebec, reinsurance intermediary manager
	ACE Insurance Limited	Singapore	100%	Singapore, insurance
	ACE Insurance	Japan	100%	Japan, insurance/reinsurance
	ACE Chintai SSI	Japan	100%	Japan, insurance agency
Kabushikigaisha	ACE Songai Service	Japan	100%	Japanese service company
	ACE Marketing Group C.A.	Venezuela	100%	Venezuela, services & direct marketing
	ACE Insurance Company (EI# 66-0437305, NAIC #30953, PR)	Puerto Rico	100%	Puerto Rico, insurance
	ACE Insurance Agency, Inc.	Puerto Rico	100%	Puerto Rico, general agent for ACE American Insurance Company
	ACE Insurance Limited	Hong Kong	100%	Hong Kong, insurance
International Ltd.)	ACE Alternative Risk Ltd. (formerly ACE Risk Management)	Bermuda	100%	Bermuda, management services for non-affiliates
	DELPANAMA S.A.	Panama	100%	Panama, holding company
	INAMEX S.A.	Mexico	100%	Mexico, reinsurance broker
	Maritime General Ins. Company Ltd	Trinidad	8.06%	Trinidad insurance
	Oriental Equity Holdings Limited	British Virgin Islands	100%	BVI, holding company
	ACE Life Assurance Co. Ltd.	Thailand	25% 75% (Eksupsiri)	Thailand, life insurance
	AFIA Finance Corporation	USA (Delaware)	100%	Delaware, insurance holding
Agencia en Chile	AFIA Finance Corporation	Chile	100%	Chile, agent for AFIA Finance Corporation in Chile
	AFIA Venezolana C.A.	Venezuela	100%	Venezuela, inactive claims & settling agent
Responsabilita Limitata	ACE ICNA Italy Societa a	Italy	99.7% 0.3% (AIIH)	Italy, legal representative for ACE European Group Limited
	Siam Liberty Company Limited	Thailand	49% (AFC) 50.70% (Nam EK)	Thailand, broker, surveyor & claims settling agency
	ACE Servicios S.A.	Argentina	100%	Argentina, service company
Limitada	AFIA Finance Corp. Chile	Chile	98% 2% (AIIH)	Chile, claims & settling agent, Chilean partnership
Company Limited	Fire, Equity and General Insurance	Nigeria	6.25%	Nigeria, insurance

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

### PART 1 - ORGANIZATIONAL CHART

C.V.	Inversiones Continental S.A. de	Honduras	1.29%	Honduras, insurance holding
	Pembroke Reinsurance, Inc.	USA (Delaware)	100%	Delaware, protected cell company
	PT. ACE INA Insurance	Indonesia	97.36% 2.64% (PT. Adi Citra Mandiri)	Indonesia, general insurance
	PT. Adi Citra Mandiri	Indonesia	45%	Indonesia, service company
	RIYAD Insurance Co. Ltd.	Bermuda	80%	Bermuda, insurance
Ltd. (formerly Safire	ACE Asia Pacific Services Pte. Private Limited)	Singapore	100%	Singapore, management & computer service bureau
Sdn Bhd	ACE Asia Pacific Services	Malaysia	100%	Malaysia, service company
	AFIA (INA) Corporation, Limited	USA (Delaware)	100%	Delaware, holding company
	AFIA	Unincorporated Association	60%	Association for international insurance
	AFIA (ACE) Corporation, Limited	USA (Delaware)	100%	Delaware, holding company
	AFIA	Unincorporated Association	40%	Association for international insurance
	INAVEN, C.A. "Venezuela"	Venezuela	100%	Venezuela, corporation
	ACE US Holdings, Inc.	USA (Delaware)	100%	USA, investment holding
	ASI Administrative Services Inc.	Canada (Yukon)	100%	Canada, warranties business
	Rhea International Marketing (L), Inc.	Malaysia	60%	Malaysia, general services
	Westchester Fire Insurance Company (EI# 13-5481330, NAIC# 21121, NY) <b>EFFECTIVE 1/1/11 THIS ENTITY WAS MERGED OUT OF EXISTENCE - SEE ACE INDEMNITY INSURANCE COMPANY</b>	USA (New York)	100%	USA, Bermuda permit, Guam, Northern Mariana Islands, Puerto Rico, USVI, insurance
	Westchester Surplus Lines Insurance Company (EI# 58-2139927, NAIC #10172, GA)	USA (Georgia)	100%	USA, insurance
	Westchester Specialty Services, Inc.	USA (Florida)	100%	USA, warranties
	Westchester Specialty Insurance Services, Inc.	USA (Nevada)	100%	USA, insurance services, brokering, warranties

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