



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2009
OF THE CONDITION AND AFFAIRS OF THE

Chartis Insurance Company - Puerto Rico (FKA: American Intern'l Ins. Co. of Puerto Rico)

NAIC Group Code 0012 0012 NAIC Company Code 31674 Employer's ID Number 66-0319193

Organized under the Laws of Commonwealth of Puerto Rico, State of Domicile or Port of Entry PR
Country of Domicile United States of America

Incorporated/Organized 10/27/1971 Commenced Business 07/08/1974

Statutory Home Office 250 Muñoz Rivera Avenue, San Juan, PR 00918-1813
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 250 Muñoz Rivera Avenue, San Juan, PR 00918-1813
(Street and Number) (City or Town, State and Zip Code)
787-767-6400 (Area Code) (Telephone Number)

Mail Address P O Box 10181, San Juan, PR 00908-1181
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 250 Muñoz Rivera Avenue, San Juan, PR 00918-1813
(Street and Number) (City or Town, State and Zip Code)
787-767-6400 (Area Code) (Telephone Number)

Internet Website Address www.aigpr.com

Statutory Statement Contact Fernando Agosto, 787-767-6019
(Name) (Area Code) (Telephone Number)
fernando.agosto@chartisinsurance.com, 787-767-6704
(E-mail Address) (FAX Number)

OFFICERS

President Francisco Díaz Secretary Brenda Gil
Treasurer María Juliana Cantini Assistant Treasurer Fernando Agosto

OTHER

Jacqueline Barros Senior Vice President María Juliana Cantini Senior Vice President Agustín Montalvo Senior Vice President
Nayda Badillo Vice President Pablo Monroy Vice President Lourdes Pérez Vice President
Enrique Padial Vice President Gustavo Sarabia Vice President Maribel Delfaus Vice President
Angel Torres # Vice President Edgardo Martínez Vice President Ada Michelle Lugo # Assistant Secretary

DIRECTORS OR TRUSTEES

Francisco Díaz Manuel Rodríguez María Juliana Cantini
Carlos Talavera Sean Clifford René Pinto-Lugo
Agustín Montalvo

State of Commonwealth of Puerto Rico SS:
County of

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.

Francisco Díaz
President

María Juliana Cantini
Treasurer

Brenda Gil
Secretary

Subscribed and sworn to before me this
day of

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

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE Chartis Insurance Company - Puerto Rico (FKA: American Intern'l Ins. Co. of Puerto Rico)

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)	149,625,622		149,625,622	152,301,052
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks	(112,598)		(112,598)	(299,554)
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 \$ 0 encumbrances)			0	0
4.2 Properties held for the production of income (less \$ 0 encumbrances)			0	0
4.3 Properties held for sale (less \$ 0 encumbrances)	5,805	5,805	0	0
5. Cash (\$ 4,896,585 , Schedule E - Part 1), cash equivalents (\$ 27,475,411 , Schedule E - Part 2) and short-term investments (\$ 15,230,411 , Schedule DA)	47,602,407		47,602,407	49,625,389
6. Contract loans (including \$ premium notes)			0	0
7. Other invested assets (Schedule BA)			0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	197,121,236	5,805	197,115,431	201,626,887
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	1,418,278		1,418,278	1,809,217
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	21,072,683	4,705,420	16,367,263	15,374,781
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	14,031,000		14,031,000	12,981,716
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	3,777,652	3,777,652	0	0
16.2 Net deferred tax asset	4,135,141	4,135,141	0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software	48,831		48,831	93,701
19. Furniture and equipment, including health care delivery assets (\$)	112,889	112,889	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	370,489	370,489	0	0
22. Health care (\$) and other amounts receivable			0	0
23. Aggregate write-ins for other than invested assets	2,292,590	2,292,556	34	268
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	244,380,789	15,399,952	228,980,837	231,886,570
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	244,380,789	15,399,952	228,980,837	231,886,570
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepays, Other Accounts Receivable	224,174	224,174	0	0
2302. Transfer/Suspense Accounts	474,225	474,225	0	0
2303. Guaranty fund assessments invoiced receivable	4,566	4,532	34	268
2398. Summary of remaining write-ins for Line 23 from overflow page	1,589,625	1,589,625	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	2,292,590	2,292,556	34	268

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	19,896,695	21,133,003
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)	8,048,368	8,096,052
4. Commissions payable, contingent commissions and other similar charges	2,885,427	2,552,973
5. Other expenses (excluding taxes, licenses and fees)	4,186,514	5,365,146
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	70,989	67,362
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	3,240,553
7.2 Net deferred tax liability	0	0
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$40,102,000 and including warranty reserves of \$)	21,299,070	24,227,838
10. Advance premium	389,640	383,307
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	9,636,000	10,215,000
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	1,022,384	1,146,171
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	2,658,829	8,552,749
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	299,924	112,736
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities	7,384,217	4,518,566
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	77,778,057	89,611,456
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	77,778,057	89,611,456
27. Aggregate write-ins for special surplus funds	39,252,111	40,808,944
28. Common capital stock	2,600,000	2,600,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	0	0
32. Gross paid in and contributed surplus	17,512,000	17,512,000
33. Unassigned funds (surplus)	91,838,669	81,354,170
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		
34.2 shares preferred (value included in Line 29 \$)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	151,202,780	142,275,114
36. TOTALS (Page 2, Line 26, Col. 3)	228,980,837	231,886,570
DETAILS OF WRITE-INS		
2301. Line 15 from 2000 Annual Statement		0
2302. Reserve For Catastrophe Insurance Losses Pursuant To Chapter 25 Of Insurance Code Of Puerto Rico and Rule 72.	7,060,918	3,530,459
2303. Reserve for unearned portion of assessments recoverable	18,234	63,145
2398. Summary of remaining write-ins for Line 23 from overflow page	305,065	924,962
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	7,384,217	4,518,566
2701. Reserve For Catastrophe Insurance Losses Pursuant To Chapter 25 Of Insurance Code Of Puerto Rico	39,252,111	40,808,944
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	39,252,111	40,808,944
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	30,383,849	35,290,406
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	7,678,245	5,329,522
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	4,627,786	2,939,485
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	14,492,918	11,455,802
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	26,798,949	19,724,809
7. Net income of protected cells.....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7).....	3,584,900	15,565,597
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	6,154,205	7,614,686
10. Net realized capital gains or (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses)).....	(14,530)	(3,668)
11. Net investment gain (loss) (Lines 9 + 10).....	6,139,675	7,611,018
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$).....		
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	9,724,575	23,176,615
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	9,724,575	23,176,615
19. Federal and foreign income taxes incurred.....	939,604	6,133,179
20. Net income (Line 18 minus Line 19)(to Line 22).....	8,784,971	17,043,436
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	142,275,114	132,542,562
22. Net income (from Line 20).....	8,784,971	17,043,436
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	186,956	(428,301)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(854,137)	185,800
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3).....	(1,553,585)	90,343
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	5,893,921	(3,628,268)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....	0	0
33.2 Transferred to capital (Stock Dividend).....		
33.3 Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	(3,530,459)	(3,530,459)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	8,927,667	9,732,551
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	151,202,780	142,275,114
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above).....	0	0
1401. Lines 23 and 29 from 2000 Annual Statement.....		0
1402. Other Income.....		0
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	0	0
3701. Lines 23 and 29 from 2000 Annual Statement.....		0
3702. Reserve For Catastrophe Insurance Losses Pursuant To Chapter 25 Of Insurance Code Of Puerto Rico and Rule 72.....	(3,530,459)	(3,530,459)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above).....	(3,530,459)	(3,530,459)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	27,432,923	35,997,249
2. Net investment income	6,651,436	8,189,090
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	34,084,359	44,186,339
5. Benefit and loss related payments	10,214,132	5,618,957
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	19,936,047	15,573,803
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	7,957,809	4,500,032
10. Total (Lines 5 through 9)	38,107,988	25,692,792
11. Net cash from operations (Line 4 minus Line 10)	(4,023,629)	18,493,547
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	27,451,875	33,580,644
12.2 Stocks	0	8,680
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	0
12.7 Miscellaneous proceeds	(209,601)	16,941
12.8 Total investment proceeds (Lines 12.1 to 12.7)	27,242,274	33,606,265
13. Cost of investments acquired (long-term only):		
13.1 Bonds	24,882,736	27,528,047
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)	24,882,736	27,528,047
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)	2,359,538	6,078,218
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
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)	(358,891)	(500,405)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(358,891)	(500,405)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,022,982)	24,071,360
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	49,625,389	25,554,029
19.2 End of period (Line 18 plus Line 19.1)	47,602,407	49,625,389

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

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	857,444	1,050,820	940,399	967,865
2.	Allied lines	3,175,699	4,197,477	4,014,466	3,358,710
3.	Farmowners multiple peril	0		0	0
4.	Homeowners multiple peril	653,448	567,777	511,916	709,309
5.	Commercial multiple peril	3,284,264	3,212,542	2,482,545	4,014,261
6.	Mortgage guaranty	0		0	0
8.	Ocean marine	4,411	34,725	10,834	28,302
9.	Inland marine	103,359	404,386	223,182	284,563
10.	Financial guaranty	0		0	0
11.1	Medical professional liability - occurrence	0		0	0
11.2	Medical professional liability - claims-made	0	0	0	0
12.	Earthquake	2,921,042	4,014,997	3,760,846	3,175,193
13.	Group accident and health	2,341,817	633,640	658,875	2,316,582
14.	Credit accident and health (group and individual)	0		0	0
15.	Other accident and health	1,087,591	37,829	30,115	1,095,305
16.	Workers' compensation	48,666	44,459	32,864	60,261
17.1	Other liability - occurrence	2,717,982	2,454,914	1,608,983	3,563,913
17.2	Other liability - claims-made	3,872,110	1,686,218	2,286,533	3,271,795
17.3	Excess workers' compensation	0		0	0
18.1	Products liability - occurrence	66,735	64,775	35,242	96,268
18.2	Products liability - claims-made	0		0	0
19.1, 19.2	Private passenger auto liability	431,468	359,082	268,549	522,001
19.3, 19.4	Commercial auto liability	2,117,614	1,520,650	1,254,754	2,383,510
21.	Auto physical damage	3,144,630	3,818,148	2,807,182	4,155,596
22.	Aircraft (all perils)	0		0	0
23.	Fidelity	550,173	96,409	328,823	317,759
24.	Surety	25,403	550	1,110	24,843
26.	Burglary and theft	(3,026)	3,943	540	377
27.	Boiler and machinery	54,251	24,497	41,312	37,436
28.	Credit	0		0	0
29.	International	0		0	0
30.	Warranty	0		0	0
31.	Reinsurance - Nonproportional Assumed Property	0		0	0
32.	Reinsurance - Nonproportional Assumed Liability	0		0	0
33.	Reinsurance - Nonproportional Assumed Financial Lines	0		0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	27,455,081	24,227,838	21,299,070	30,383,849
DETAILS OF WRITE-INS					
3401.				
3402.				
3403.				
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	940,399				940,399
2. Allied lines	4,014,466				4,014,466
3. Farmowners multiple peril					0
4. Homeowners multiple peril	511,916				511,916
5. Commercial multiple peril	2,482,545				2,482,545
6. Mortgage guaranty					0
8. Ocean marine	10,834				10,834
9. Inland marine	223,182				223,182
10. Financial guaranty					0
11.1 Medical professional liability - occurrence					0
11.2 Medical professional liability - claims-made					0
12. Earthquake	3,760,846				3,760,846
13. Group accident and health	658,875				658,875
14. Credit accident and health (group and individual)					0
15. Other accident and health	30,115				30,115
16. Workers' compensation	32,864				32,864
17.1 Other liability - occurrence	1,608,983				1,608,983
17.2 Other liability - claims-made	2,286,533				2,286,533
17.3 Excess workers' compensation					0
18.1 Products liability - occurrence	35,242				35,242
18.2 Products liability - claims-made					0
19.1, 19.2 Private passenger auto liability	268,549				268,549
19.3, 19.4 Commercial auto liability	1,254,754				1,254,754
21. Auto physical damage	2,807,182				2,807,182
22. Aircraft (all perils)					0
23. Fidelity	328,823				328,823
24. Surety	1,110				1,110
26. Burglary and theft	540				540
27. Boiler and machinery	41,312				41,312
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	21,299,070	0	0	0	21,299,070
36. Accrued retrospective premiums based on experience					
37. Earned but unbilled premiums					
38. Balance (Sum of Line 35 through 37)					21,299,070
DETAILS OF WRITE-INS					
3401.					
3402.					
3403.					
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case Daily Pro-rata

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	8,788,760	0		4,638,068	3,293,248	857,444
2. Allied lines	29,218,598	0		18,280,456	7,762,443	3,175,699
3. Farmowners multiple peril		0		0		0
4. Homeowners multiple peril	860,664	0		207,216		653,448
5. Commercial multiple peril	7,317,684	0		3,539,410	494,010	3,284,264
6. Mortgage guaranty		0		0		0
8. Ocean marine	508,424	0		504,081	(68)	4,411
9. Inland marine	4,486,003	0		4,337,916	44,728	103,359
10. Financial guaranty		0		0		0
11.1 Medical professional liability - occurrence		0		0		0
11.2 Medical professional liability - claims-made	1	0		1		0
12. Earthquake	15,122,695	0		6,968,163	5,233,490	2,921,042
13. Group accident and health	3,279,499	0		357,894	579,788	2,341,817
14. Credit accident and health (group and individual)		0		0		0
15. Other accident and health	1,101,110	0		13,519		1,087,591
16. Workers' compensation	375,775	0		327,109		48,666
17.1 Other liability - occurrence	17,637,779	0		14,270,629	649,168	2,717,982
17.2 Other liability - claims-made	17,364,647	0		13,492,578	(41)	3,872,110
17.3 Excess workers' compensation		0		0		0
18.1 Products liability - occurrence	852,376	0		785,641		66,735
18.2 Products liability - claims-made		0		0		0
19.1, 19.2 Private passenger auto liability	492,956	0		61,488		431,468
19.3, 19.4 Commercial auto liability	3,653,565	0		1,126,959	408,992	2,117,614
21. Auto physical damage	3,682,499	0		306,091	231,778	3,144,630
22. Aircraft (all perils)		0		0		0
23. Fidelity	1,177,218	0		568,086	58,959	550,173
24. Surety	29,892	0		4,489	0	25,403
26. Burglary and theft	16,974	0		20,000		(3,026)
27. Boiler and machinery	1,027,069	0		917,677	55,141	54,251
28. Credit		0		0		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	116,994,188	0	0	70,727,471	18,811,636	27,455,081
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE Chartis Insurance Company - Puerto Rico (FKA: American Intern'l Ins. Co. of Puerto Rico)

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	1,561,846		966,730	595,116	246,422	408,933	432,605	44.7
2. Allied lines	383,508		221,085	162,423	344,563	173,190	333,796	9.9
3. Farmowners multiple peril				0	0		0	0.0
4. Homeowners multiple peril	92,136			92,136	90,412	151,680	30,868	4.4
5. Commercial multiple peril	3,444,784		1,339,465	2,105,319	2,418,203	2,867,469	1,656,053	41.3
6. Mortgage guaranty	0			0	0		0	0.0
8. Ocean marine	24,742		12,371	12,371	23,094	35,018	447	1.6
9. Inland marine	10,190,629		10,132,347	58,282	809,896	120,880	747,298	262.6
10. Financial guaranty				0	0		0	0.0
11.1 Medical professional liability - occurrence				0	0		0	0.0
11.2 Medical professional liability - claims-made	641,516		629,694	11,822	83,692	117,267	(21,753)	0.0
12. Earthquake				0	0		0	0.0
13. Group accident and health	343,536		1,855	341,681	201,148	227,169	315,660	13.6
14. Credit accident and health (group and individual)				0	0		0	0.0
15. Other accident and health	232,144			232,144	23,625	41,406	214,363	19.6
16. Workers' compensation				0	50,000	55,985	(5,985)	(9.9)
17.1 Other liability - occurrence	4,962,721		3,702,755	1,259,966	7,370,166	7,397,531	1,232,601	34.6
17.2 Other liability - claims-made	9,709,368		9,405,071	304,297	3,783,149	3,861,034	226,412	6.9
17.3 Excess workers' compensation				0	0		0	0.0
18.1 Products liability - occurrence	269,086		263,666	5,420	150,354	85,624	70,150	72.9
18.2 Products liability - claims-made				0	0		0	0.0
19.1, 19.2 Private passenger auto liability	382,049		3,782	378,267	372,146	835,034	(84,621)	(16.2)
19.3, 19.4 Commercial auto liability	2,086,413		487,521	1,598,892	2,822,089	3,808,224	612,757	25.7
21. Auto physical damage	1,913,813		51,056	1,862,757	420,044	327,623	1,955,178	47.0
22. Aircraft (all perils)				0	0		0	0.0
23. Fidelity	(14,246)		(633)	(13,613)	72,125	40,577	17,935	5.6
24. Surety	(1,391,173)		(1,311,415)	(79,758)	621,025	561,729	(20,462)	(82.4)
26. Burglary and theft				0	0	0	0	0.0
27. Boiler and machinery	(731,446)		(718,477)	(12,969)	(5,458)	16,630	(35,057)	(93.6)
28. Credit				0	0		0	0.0
29. International				0	0		0	0.0
30. Warranty				0	0		0	0.0
31. Reinsurance - Nonproportional Assumed Property	XXX			0	0		0	0.0
32. Reinsurance - Nonproportional Assumed Liability	XXX			0	0		0	0.0
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX			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	34,101,426	0	25,186,873	8,914,553	19,896,695	21,133,003	7,678,245	25.3
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE Chartis Insurance Company - Puerto Rico (FKA: American Intern'l Ins. Co. of Puerto Rico)

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	4,864,500		4,629,750	234,750	1,008	(10,664)	246,422	77,025	
2. Allied lines	936,569		644,390	292,179	141,614	89,230	344,563	200,834	
3. Farmowners multiple peril				0			0		
4. Homeowners multiple peril	43,412			43,412	47,000		90,412	95,000	
5. Commercial multiple peril	3,003,757		1,217,554	1,786,203	941,000	309,000	2,418,203	1,053,000	
6. Mortgage guaranty				0			0		
8. Ocean marine	3,101		1,451	1,650	93,035	71,591	23,094	24,263	
9. Inland marine	20,432,557		20,419,683	12,874	3,401,172	2,604,150	809,896	(173,473)	
10. Financial guaranty				0			0		
11.1 Medical professional liability - occurrence				0			0		
11.2 Medical professional liability - claims-made	2,916,825		2,833,133	83,692	51,390	51,390	83,692	26,000	
12. Earthquake				0			0	5	
13. Group accident and health	65,278		17,502	47,776	158,376	5,004	(a) 201,148	161,786	
14. Credit accident and health (group and individual)				0			0		
15. Other accident and health	4,001			4,001	19,624		(a) 23,625	39,214	
16. Workers' compensation				0	288,000	238,000	50,000	3,000	
17.1 Other liability - occurrence	20,149,892		16,928,695	3,221,197	22,606,910	18,457,941	7,370,166	2,961,228	
17.2 Other liability - claims-made	17,984,075		17,345,971	638,104	13,865,100	10,720,055	3,783,149	983,000	
17.3 Excess workers' compensation				0			0		
18.1 Products liability - occurrence	269,430		163,076	106,354	318,000	274,000	150,354	42,000	
18.2 Products liability - claims-made				0			0		
19.1, 19.2 Private passenger auto liability	185,146			185,146	190,000	3,000	372,146	519,000	
19.3, 19.4 Commercial auto liability	2,369,966		927,877	1,442,089	2,466,000	1,086,000	2,822,089	1,034,000	
21. Auto physical damage	351,530		24,486	327,044	158,000	65,000	420,044	912,000	
22. Aircraft (all perils)				0			0		
23. Fidelity	59,056		26,142	32,914	259,987	220,776	72,125	1,264	
24. Surety	15,517,041	22,000	14,981,805	557,236	5,265,013	5,201,224	621,025	91,447	
26. Burglary and theft	1,469		1,469	0			0	(5,297)	
27. Boiler and machinery				0	142,737	148,195	(5,458)	3,072	
28. Credit				0			0		
29. International				0			0		
30. Warranty				0			0		
31. Reinsurance - Nonproportional Assumed Property	XXX			0	XXX		0		
32. Reinsurance - Nonproportional Assumed Liability	XXX			0	XXX		0		
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX			0	XXX		0		
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	
35. TOTALS	89,157,605	22,000	80,162,984	9,016,621	50,413,966	0	19,896,695	8,048,368	
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	0	

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	7,618,360			7,618,360
1.2 Reinsurance assumed	0			0
1.3 Reinsurance ceded	2,990,574			2,990,574
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	4,627,786	0	0	4,627,786
2. Commission and brokerage:				
2.1 Direct excluding contingent		14,785,096		14,785,096
2.2 Reinsurance assumed excluding contingent		0		0
2.3 Reinsurance ceded excluding contingent		14,191,926		14,191,926
2.4 Contingent - direct		1,404,106		1,404,106
2.5 Contingent - reinsurance assumed		0		0
2.6 Contingent - reinsurance ceded		0		0
2.7 Policy and membership fees		0		0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	1,997,276	0	1,997,276
3. Allowances to managers and agents		0	0	0
4. Advertising		791,108	8,961	800,069
5. Boards, bureaus and associations		293,889	3,329	297,218
6. Surveys and underwriting reports		16,994	192	17,186
7. Audit of assureds' records		0	0	0
8. Salary and related items:				
8.1 Salaries		7,849,253	88,907	7,938,160
8.2 Payroll taxes		707,676	8,016	715,692
9. Employee relations and welfare		1,936,468	21,934	1,958,402
10. Insurance		108,589	1,230	109,819
11. Directors' fees		0	0	0
12. Travel and travel items		212,626	2,408	215,034
13. Rent and rent items		1,580,552	17,903	1,598,455
14. Equipment		61,934	702	62,636
15. Cost or depreciation of EDP equipment and software		519,300	5,882	525,182
16. Printing and stationery		171,236	1,940	173,176
17. Postage, telephone and telegraph, exchange and express		221,176	2,506	223,682
18. Legal and auditing		289,172	3,275	292,447
19. Totals (Lines 3 to 18)	0	14,759,973	167,185	14,927,158
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		4,778	54	4,832
20.2 Insurance department licenses and fees		137,234	1,554	138,788
20.3 Gross guaranty association assessments		(53,876)	(610)	(54,486)
20.4 All other (excluding federal and foreign income and real estate)		50,458	572	51,030
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	138,594	1,570	140,164
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	0	(2,402,925)	74,432	(2,328,493)
25. Total expenses incurred	4,627,786	14,492,918	243,187	19,363,891
26. Less unpaid expenses - current year	8,048,368	7,059,577	0	15,107,945
27. Add unpaid expenses - prior year	8,096,052	7,985,481	0	16,081,533
28. Amounts receivable relating to uninsured plans, prior year				0
29. Amounts receivable relating to uninsured plans, current year		0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	4,675,470	15,418,822	243,187	20,337,479
DETAILS OF WRITE-INS				
2401. EDP Expenses		509	6	515
2402. Service Fees		(2,219,548)	(25,141)	(2,244,689)
2403. Other Expenses		(183,886)	99,567	(84,319)
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	0	(2,402,925)	74,432	(2,328,493)

(a) Includes management fees of \$ 4,437,886 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 6,459,040	5,998,963
1.1 Bonds exempt from U.S. tax	(a) 29,904	36,250
1.2 Other bonds (unaffiliated)	(a) 0	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 262,494	362,179
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	6,751,438	6,397,392
11. Investment expenses		(g) 241,617
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 1,570
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		243,187
17. Net investment income (Line 10 minus Line 16)		6,154,205
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 208,076 accrual of discount less \$ 314,368 amortization of premium and less \$ 13,617 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ 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 \$ accrual of discount less \$ 243,559 amortization of premium and less \$ 205,879 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 \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	0	0	0	0	0
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	186,956	0
3. Mortgage loans		0	0	0	0
4. Real estate		0	0		0
5. Contract loans			0		
6. Cash, cash equivalents and short-term investments			0		
7. Derivative instruments			0		
8. Other invested assets		0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	(14,530)	(14,530)	0	0
10. Total capital gains (losses)	0	(14,530)	(14,530)	186,956	0
DETAILS OF WRITE-INS					
0901. Loss on disposal of other fixed asset		(14,530)	(14,530)		
0902.			0		
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	(14,530)	(14,530)	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale	5,805	8,972	3,167
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	5,805	8,972	3,167
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	4,705,420	6,248,411	1,542,991
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon	3,777,652		(3,777,652)
16.2 Net deferred tax asset	4,135,141	4,989,278	854,137
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets	112,889	127,023	14,134
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates	370,489	628,893	258,404
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	2,292,556	1,843,790	(448,766)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	15,399,952	13,846,367	(1,553,585)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. Total (Lines 24 and 25)	15,399,952	13,846,367	(1,553,585)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaids, Other Accounts Receivable	224,174	169,357	(54,817)
2302. Transfer/Suspense Accounts	474,225	330,256	(143,969)
2303. Guaranty fund assessments invoiced receivable	4,532	4,847	315
2398. Summary of remaining write-ins for Line 23 from overflow page	1,589,625	1,339,330	(250,295)
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	2,292,556	1,843,790	(448,766)

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Chartis Insurance Company – Puerto Rico (formerly known as American International Insurance Company of Puerto Rico) have been prepared on the basis of accounting practices prescribed or permitted by the Office of the Insurance Commissioner of the Commonwealth of Puerto Rico.

Insurance companies domiciled in the Commonwealth of Puerto Rico are required to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) subject to any deviations prescribed or permitted by the Commonwealth of Puerto Rico Insurance Commissioner.

A reconciliation of the Company's net income and policyholders' surplus between the amounts presented in the accompanying financial statements Commonwealth of Puerto Rico basis and NAIC SAP follows:

Description	2009	2008
Net income, Commonwealth of Puerto Rico basis	\$8,784,971	\$17,043,436
Net income, NAIC SAP basis	\$8,784,971	\$17,043,436
Policyholders' surplus, Commonwealth of Puerto Rico basis	\$151,202,780	\$142,275,114
Policyholders' surplus, NAIC SAP basis	\$151,202,780	\$142,275,114

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, assumed and ceded business, except for auto single interest premiums which are computed on the basis of the unexpired risk. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include write-downs for impairments considered to be other than temporary.

Real estate investments are classified in the balance sheet as properties held to sale. Properties held for sale are carried at the lower of depreciated cost or fair value less estimated cost to sell. This value would also be net of any encumbrance. The fair values of properties held for sale are based upon quoted market prices, if available. If quoted market prices are unavailable, fair values are based upon market appraisals. Fair values for these properties will be immediately determined whenever circumstances indicate that the carrying amounts may not be recoverable.

In addition, the Company uses the following accounting policies:

- Short-term investments are stated at amortized value using the interest method.
- Investment grade bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value.
- As of December 31, 2009 and 2008, the Company had no investments in common stocks, other than that in stocks of subsidiary.
- Investment grade perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower amortized value or fair value.
- As of December 31, 2009 and 2008, the Company had no mortgage loans on real estate.
- Investment grade loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at lower of amortized value or fair value.
- The Company's ownership in a 100% wholly owned subsidiary is stated at GAAP equity value adjusted to a statutory basis of accounting.

NOTES TO FINANCIAL STATEMENTS

8. As of December 31, 2009 and 2008, the Company had no investments in joint ventures nor partnerships.
9. As of December 31, 2009 and 2008, the Company had no derivatives.
10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has a written capitalization policy for prepaid expenses and purchase 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. The Company does not write major medical insurance with prescription drug coverage.
14. Effective on June 1, 1998, the Commissioner of Insurance of the Commonwealth of Puerto Rico issued a statutory accounting policy regarding the method to account for premiums written on auto personal lines. The accounting policy requires that premiums related to the first 365 days to be accounted as premiums written subject to earned premiums computation. The premium related to the period over 365 days is accounted as premiums paid in advance. The premiums paid in advance as of December 31, 2009 and 2008 amounted to \$389,640 and \$383,307, respectively. The commissions related to first 365 days of the period of the policy are accounted as commission expense. Commissions related to the period over 365 days is paid and recorded as commission expense on the policy renewal date.
15. Salvage and subrogation recoveries are not recorded until cash is received.

Note 2. Accounting Changes and Corrections of Errors

- A. Accounting Changes Other than Codification and Correction of Errors

Not applicable

Note 3. Business Combinations and Goodwill

- A. Statutory Purchase Method

Not applicable

- B. Statutory Merger

Not applicable

- C. Impairment Loss

Not applicable

Note 4. Discontinued Operations

- A. Not applicable

Note 5. Investments

- A. Mortgage Loans

Not applicable

- B. Debt Restructuring

Not applicable

- C. Reverse Mortgages

Not applicable

- D. Loan-Backed Securities

Not applicable

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements

Not applicable

F. Write-down for Impairments of Real Estate and Retail Land Sales

None

G. Low Income Housing Tax Credits

Not applicable

Note 6. Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

Not applicable

B. Write Downs for Impairments of Joints Ventures, Partnerships and LLCs

Not applicable

Note 7. Investment Income

A. Accrued Investment Income

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

B. Amounts Non Admitted

The total amount of due and accrued investment income excluded was \$0 for 2009 and 2008.

Note 8. Derivative Instruments

None

Note 9. Income Taxes

A. Components of net deferred tax assets

	December 31, 2009	December 31, 2008
1. Total gross deferred tax assets	\$4,135,141	\$4,989,278
2. Total gross deferred tax liabilities	<u>0</u>	<u>0</u>
3. Net deferred tax assets	4,135,141	4,989,278
4. Non-admitted deferred assets	<u>4,135,141</u>	<u>4,989,278</u>
5. Net admitted deferred tax assets	\$ 0	\$ 0
6. Increase (decrease) in nonadmitted deferred tax assets	<u>\$ (854,137)</u>	<u>\$ 185,561</u>

B. Unrecognized deferred tax liabilities

Not applicable.

C. Current tax and change in deferred tax

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

	2009	2008
Puerto Rico income taxes	\$ 939,604	\$6,133,179
Realized capital gains tax	<u>0</u>	<u>0</u>
Puerto Rico total income taxes incurred	\$ 939,604	\$6,133,179

NOTES TO FINANCIAL STATEMENTS

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

	December 31, <u>2009</u>	December 31, <u>2008</u>
Deferred tax assets:		
Post-retirement benefits	\$ 1,061,699	\$ 934,559
Non-Admitted Assets	2,917,728	3,450,766
Reserve for Condominium Litigation	-	507,000
Bad debt reserve	93,367	-
Other than temporary loss on Preferred Stock	-	19,271
Extraordinary tax credit	37,585	75,170
Other deferred tax assets	<u>24,762</u>	<u>2,512</u>
Total deferred tax assets	4,135,141	4,989,278
Non admitted deferred tax asset	<u>4,135,141</u>	<u>4,989,278</u>
Net admitted deferred tax assets	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The changes in net deferred income taxes are composed of the following:

	December 31, <u>2009</u>	December 31, <u>2008</u>	Change
Total gross deferred tax assets	\$4,135,141	\$4,989,278	\$(854,137)
Total gross deferred tax liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net deferred tax asset	<u><u>\$4,135,141</u></u>	<u><u>\$4,989,278</u></u>	<u><u>\$(854,137)</u></u>

D. Reconciliation of Puerto Rico income taxes to actual effective rate

Puerto Rico income taxes

Property and casualty companies incorporated in the Commonwealth of Puerto Rico are taxed based on net income as computed on the basis of the Company's statutory accounting practices. Such income is adjusted for various temporary and permanent differences, mainly exempt interest income and certain amounts allocated to the write in surplus. The Company is also subject to an alternative minimum tax which is calculated based on a formula established by existing laws.

United States Virgin Islands income taxes

The Company is also engaged in business in the United States Virgin Island (USVI). Any income tax paid in this jurisdiction is taken as a foreign tax credit for Puerto Rico income tax purpose since, as a domestic corporation, the Company is required to report all its worldwide income in Puerto Rico.

	<u>2009</u>	<u>Effective Tax Rate</u>	<u>2008</u>	<u>Effective Tax Rate</u>
Provision Computed at statutory rate	\$3,987,076	41.0%	\$9,038,880	39.0%
(Reduction) increase in income taxes:				
Contribution to Catastrophic Fund	(269,944)	(2.7%)	(252,225)	(1.1%)
Exempt investment income	(2,419,375)	(24.9%)	(2,696,687)	(11.6%)
Change in non-admitted assets	985,962	10.1%	107,192	.5%
Postretirement expense	133,497	1.4%	115,527	.5%
85% JUA Dividend Deduction	(125,669)	(1.3%)	(314,644)	(1.4%)
Condominium litigation paid	(532,350)	(5.5)	-	-
Other	34,544	3%	(50,425)	(.2%)
Total	<u>\$1,793,741</u>	<u>18.4%</u>	<u>\$5,947,618</u>	<u>25.7%</u>
Federal and foreign income taxes incurred	\$ 939,604	9.6%	\$6,133,179	26.5%
Realized capital gain	0	0.0%	0	0.0%
Change in net deferred income taxes	<u>854,137</u>	<u>8.8%</u>	<u>(185,561)</u>	<u>(.8%)</u>
Total statutory income tax	<u><u>\$1,793,741</u></u>	<u><u>18.4%</u></u>	<u><u>\$5,947,618</u></u>	<u><u>25.7%</u></u>

NOTES TO FINANCIAL STATEMENTS

E. Operating loss and tax credit carry-forwards

1. No regular USVI tax was paid for 2009 and 2008 because the Company has a net operating loss available to offset taxable income. A branch profit tax in the amount of \$25,549 was paid with respect to 2008; no branch profit tax has been assessed for 2009. At December 31, 2009, the Company's net operating losses available to offset USVI future taxable income, if any, amount to:

Year	Amount	Expiration Date
1995	\$ 219,751	2010
1998	385,031	2018
2000	33,621	2020
2002	<u>892,980</u>	2022
	<u>\$ 1,531,383</u>	

2. The following is the income tax expense for 2009 and 2008 that is available for recoupment in the event of future net losses:

Not applicable

F. Consolidated Federal Income Tax Return

Not applicable

Note 10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

American International Group, Inc. ultimately owns the Company. The Company assumes reinsurance from and cedes reinsurance to affiliated companies.

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

The following table summarizes the transactions occurring during the year ended December 31, 2009 by the Company with affiliates (excluding reinsurance transactions, any non-insurance transaction which involve less than ½ of 1% of the total admitted assets of the Company, and cost allocation transactions):

Date of Transaction	Explanation of Transaction	Name of Insurer	Name of Affiliate	Statement Value of Assets Transferred	Description
2009	UNACO Fees	AIICO	UNACO	\$4,437,886	Claims adjustment Fees

C. Changes in Terms of Intercompany Arrangements

The Company did not change its methods of establishing terms regarding any affiliate transaction during the year ended December 31, 2009.

D. Amount Due to or from Related Parties

At December 31, 2009, the Company had the following balances receivables from affiliates (payables to affiliates), excluding reinsurance transactions:

AMERICAN INTERNATIONAL UNDERWRITERS (CARIBBEAN), INC.	\$ 109,075
UNDERWRITERS ADJUSTMENT COMPANY, INC.	144,065
GENERAL AMERICAN LIFE	5,071
AIG REALTY	2,038
NEW HAMPSHIRE SERVICE	3,135
CHARTIS INSURANCE AGENCY – PUERTO RICO	49,080
A.I.U. NORTH AMERICA DIVISION	(81,872)
CHARTIS I.I. – PUERTO RICO	54,052
AIG CREDIT	3,972
AIG TRINIDAD	<u>(218,052)</u>
NET TOTAL RECEIVABLE	<u>\$ 70,564</u>

E. Guarantees or Contingencies for Related Parties

Not applicable

NOTES TO FINANCIAL STATEMENTS

F. Management, Service Contracts, Cost Sharing Arrangements

In the ordinary course of business the Company utilizes the services of affiliated companies for claims management and lease of space for the Company's operation. Also, the Company provides data processing services and other miscellaneous services to affiliated companies.

G. Nature of Relationships that Could Affect Operations

American International Group, Inc. (AIG) ultimately owns the company.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not applicable

J. Write down for Impairments of Investments in Affiliates

Not applicable

K. Foreign Subsidiary valued Using CARVM

Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not applicable

Note 11. Debt

A. Debt including capital notes

Not applicable

Note 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Post-Retirement Benefit Plans

A. Defined Benefit Plans

The Parent sponsors a non-contributory defined benefit plan covering substantially all employees of the Company. See Note 12D.

B. Defined Contribution Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Multiemployer Plans

1. Post Retirement Benefits Other than Pensions:

The Company provides health and life insurance benefits for retired employees and certain dependents when the employee become eligible for these benefits by satisfying plan provisions which include certain age and / or service requirements. The Company does not pre-fund these plans.

Generally no contributions are required from retirees and the medical plan contains other cost sharing features such as deductibles, coinsurance and Medicare coordination.

The maximum life insurance benefit is \$50,000.

The costs of post retirement benefits are recognized on an accrual basis in accordance with guidelines prescribed by the NAIC. Such guidelines require the recognition of a post retirement benefit obligation for current retirees and fully eligible or vested employees.

2. Savings Plan

Several AIG affiliated companies operating in Puerto Rico sponsor a qualified savings plan under Section 165(a) of the Puerto Rico Income Tax Act 1954, as amended. The plan incorporates a "cash or deferred arrangement," intended to qualify under the income tax laws by which employees may elect to make pre-tax contributions to the Plan. Substantially all regular full-time employees of the Company are eligible to participate on a voluntary basis after completing certain service and age requirements.

Each plan participant is eligible after six month of service, (one enrollment per year during the month of October) to make basic contributions the Plan of not less than 1%, nor more than 10% of base pay plus overtime and sales commissions or \$8,000 whichever is less, on a pre-tax basis. The Company makes matching contributions equivalents to 33 1/3%, 50%, and 100% of participants contributions (up to 6% of the participants' annual *salary*) for employees with up to 5, from 6 to 15 and over 15 years of service, respectively.

D. Consolidated/Holding Company Plans

1. Employee Retirement Plan

Employees of AIG, the ultimate holding company, its subsidiaries and certain affiliated companies, including employees in foreign countries, are generally covered under various funded and insured pension plans. Eligibility for participation in the various plans is based on either completion of a specified period of continuous service or date of hire, subject to age limitation.

AIG's U.S. retirement plan is a qualified, non-contributory defined benefit retirement plan which is subject to the provisions of the Employee Retirement Income Security Act of 1974. All employees of AIG and most of its subsidiaries and affiliates who are regularly employed in the United States, including certain U.S. citizens employed abroad on a U.S. Dollar payroll, and who have attained age 21 and completed twelve months of continuous service are eligible to participate in this plan. An employee with 5 or more years of service is entitled to pension benefits beginning at normal retirement age 65. Benefits are based upon a percentage of average final compensation multiplied by years of credited service limited to 44 years of credited service. The average final compensation is subject to certain limitations. The employee may elect certain options with respect to their receipt of their pension benefits including a joint and survivor annuity. An employee with 10 or more years of service may retire early from age 55 to 64. An early retirement factor is applied resulting in a reduced benefit. If an employee terminates with less than 5 years of service, such employee forfeits their right to receive any pension benefits accumulated thus far.

Annual funding requirements are determined based on the "projected unit credit" cost method, which attributes a pro rata portion of the total projected benefit payable at normal retirement to each year of credited service.

In 2009 and 2008, AIG allocated defined benefit expenses to the Company and its affiliates. The Company's allocated share of net expense for the qualified defined benefit pension plan was \$474,550 and \$228,550 for 2009 and 2008, respectively.

2. Deferred Compensation Plan

Some of the Company's officers and key employees are participants in AIG's stock plans of 1991 and 1999. Details of these plans are published in AIG's form 10-K.

E. Post Employment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but not taken vacation has been accrued.

NOTES TO FINANCIAL STATEMENTS

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

A. Outstanding Shares

The Company has 260,000 shares authorized, issued and outstanding with a par value of \$10. The Company has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable

C., D., E. and F. Dividends Restrictions

Under applicable Puerto Rico insurance laws and regulations, the Company is required to maintain minimum capital and surplus of not less than \$2,600,000. In addition, such laws and regulations require minimum capital of at least one third of the premiums written. The payment of dividends is limited to unassigned surplus using statutory accounting principles.

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

Catastrophe Loss Reserve Trust Fund

In accordance with Act No. 73 of August 12, 1994 and Chapter 25 of the Insurance Code, the Company is required to establish and maintain a trust for the payments of catastrophe losses. This trust may invest its fund in securities authorized by the Insurance Code, but not in investments whose value may be affected by hazards covered by catastrophic insurance losses. The interest earned on these investments and any realized gain /(loss) or investment transactions become part of the reserve for catastrophic insurance losses and an income/(expense) of the Company. The assets in this fund are to be used solely and exclusively to pay catastrophe losses covered under policies written in Puerto Rico. For the years ended December 31, 2008 and 2007, the activity of the catastrophe loss reserve was as follows:

	<u>2009</u>	<u>2008</u>
Catastrophe loss reserve at beginning of year	\$44,339,403	\$41,961,521
Contributions	565,574	659,205
Investment income	1,408,052	1,718,677
Catastrophe loss reserve at end of year	<u>\$46,313,029</u>	<u>\$44,339,403</u>

During 2008, the Commissioner of Insurance of the Commonwealth of Puerto Rico amended Rule LXXII to now require, among others, presenting certain part of the catastrophe loss reserve in the liabilities section of the company's annual and quarterly statements with the remaining balance staying in the capital and surplus section. Prior to 2008, the whole reserve was presented in the capital and surplus section. Due to this, the above total catastrophe loss reserve is presented in the accompanying statement as follows:

	<u>2009</u>	<u>2008</u>
Aggregate write-ins for special surplus funds	\$39,252,111	\$40,808,944
Aggregate write-ins for liabilities	<u>7,060,918</u>	<u>3,530,459</u>
Catastrophe loss reserve at end of year	<u>\$ 46,313,029</u>	<u>\$ 44,339,403</u>

The trust assets are composed mainly of U.S. Treasury securities, and obligations of U.S. government agencies and obligations of the Commonwealth of Puerto Rico.

Contributions are determined by a rate imposed by the Commissioner of Insurance on the catastrophe policies written. The amounts deposited in the trust fund are deductible from income tax purposes. The amount deposited in the trust funds may be reimbursed in the case that the Company cease to underwrite risks subject to catastrophe losses.

NOTES TO FINANCIAL STATEMENTS

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized capital loss is \$162,598.

K. Surplus Notes

Not applicable

L & M. Quasi Reorganizations

Not applicable

N. Dividend Payment

No dividend payments were made during 2009 nor 2008.

Note 14. Contingencies

A. Contingent Commitments

The Company has no commitments or contingent commitments to affiliates or other entities except for leasing arrangements described in Note 15A.

B. Guaranty Fund and Other Assessments

In accordance with Chapter No. 41 of the Insurance Code and Rule No. 56 of the Insurance Regulations of the Commonwealth of Puerto Rico, the Company is a member of the "Sindicato de Aseguradores para la Suscripción Conjunta de Seguros de Responsabilidad Profesional Médico-Hospitalaria" (SIMED) and of the "Sindicato de Aseguradores de Responsabilidad Profesional para Médicos". Both syndicates were organized for the purpose of underwriting medical-hospital professional liability insurance. As a member, the Company shares the risk proportionately with other member companies based on a formula established by the Insurance Code. If the above mentioned syndicates are unable to satisfy their obligations, their liabilities are distributed among the members. During 2009 and 2008, no assessments were received for this contingency.

Additionally, pursuant to Article 12 of Rule LXIX of the Insurance Code of the Commonwealth of Puerto Rico, the Company is a member of the Compulsory Vehicle Liability Insurance Joint Underwriting Association (the Association). The Association was organized to underwrite insurance coverage of motor vehicles property damage liability risks. As a member, the Company shares the risk, proportionately with other members, based on a formula established by the Insurance Code. During 2009 and 2008, no assessments were received for this contingency.

The Company is also a member of the Puerto Rico Property and Casualty Insurance Guaranty Association. As a member, the Company may be required to provide funds for the payment of claims and unearned premiums reimbursements for policies issued by insurance companies declared insolvent. During 2009 and 2008, no assessments were received for this contingency.

C. Gain Contingencies

Not applicable

D. Other Contingencies

Lawsuits arise against the Company in normal course of business. Contingent liabilities arising from litigation, and other matters are not considered material in relation to the financial position of the Company.

NOTES TO FINANCIAL STATEMENTS

Note 15. Leases

A. Lessee Leasing Arrangements

1. The Company leases office facilities and equipment under various non-cancelable operating leases that expire through 12/15/2011.

2. Future minimum rental payments are as follows:

Year	Amount
2009	\$ 1,603,351
2010	1,667,485
2011	<u>1,734,184</u>
	<u>\$5,005,020</u>

3. The Company has not entered into any sales and leaseback arrangements.

B. Lessor Leasing Arrangements

a. Operating Leases

Not applicable

b. Leveraged Leases

Not applicable

Note 16. Information about Financial Instruments with Off-Balance Sheet Risk

None

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

A. Transfers of Receivables Reported as Sales

None

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

Note 18. Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

A. The Company uses general agents to write and administer property and casualty insurance products. General agents that write direct premiums greater than 5% of policyholder's surplus are as follows:

<i>Agent</i>	<i>Address</i>	<i>F.E.I. Number</i>	<i>Exclusive Contract</i>	<i>Type of Business Written</i>	<i>Type of Authority Granted</i>	<i>Direct Premium Written</i>
<i>Eastern America Insurance Agency</i>	<i>PO Box 193900; San Juan PR 00919-3900</i>	<i>66-0388346</i>	<i>NO</i>	<i>ALL</i>	<i>{U} & {P}</i>	<i>\$15,912,495</i>
<i>Popular Insurance</i>	<i>PO Box 70331; San Juan PR 00936-8331</i>	<i>66-0542973</i>	<i>NO</i>	<i>ALL</i>	<i>{U} & {P}</i>	<i>\$11,061,252</i>
<i>Chartis Insurance Agency- Puerto Rico</i>	<i>PO Box 13854; San Juan PR 00918-3584</i>	<i>66-0509110</i>	<i>NO</i>	<i>ALL</i>	<i>{U} & {P}</i>	<i>\$21,555,967</i>

Premiums written by MGAs which individually are less than 5% of policyholders' surplus total \$29,547,345.

Note 20. Other items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

There are no other pledged securities other than amounts reported on Schedule E - Part 3 - Special Deposits.

D. Uncollectible Premiums Receivable

The Company routinely assesses the collectibility of premium receivables. Based upon company experience, any uncollectible premium receivables as of December 31, 2008 are not expected to exceed the non-admitted amounts and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial position.

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable Tax Credits

Not applicable

G. Hybrid Securities

Not applicable

H. Subprime Mortgage Related Risk Exposure

1. The Company classifies investments as having subprime exposure by taking into consideration mainly the related average credit rating of borrowers and the percentage of collateral from borrowers with low credit ratings. It is the Company's policy to invest in high grade securities which meet investment guidelines set forth by the NAIC SVO and that of any relevant state regulated department of insurance.
2. The Company does not have any direct exposure to subprime mortgage loans as the Company does not hold any subprime mortgage loans as defined above.
3. The Company does not have any related direct exposure through other investments.
4. We are not aware at this time of any exposure that could represent a material risk directly related to these risks.

I. FHLB Agreements

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 21. Events subsequent

There were no events occurring subsequent to December 31, 2008 through the date of this filing meriting disclosure.

Note 22. Reinsurance

A. Unsecured Reinsurance Recoverables

Individual reinsurers with unsecured balances in excess of 3% of policyholders' surplus are as follows:

NAIC Code	Federal ID#	Name of Reinsurer	Amount
23841	02-0172170	New Hampshire Ins. Co.	\$23,336,000
19445	25-0687550	National Union Fire Ins. Co. of Pittsburg	\$21,053,000
19380	13-5124990	American Home Assurance Company	\$17,946,000
00000	AA-3190234	American Int'l. Underwriters Overseas, Ltd.	\$120,230,000

B. Reinsurance Recoverable in Dispute

The Company does not have reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute from any company (and for affiliate) that exceed 5% of policyholders' surplus. Aggregate reinsurance recoverable in dispute does not exceed 10% of the policyholders' surplus.

C. Reinsurance Assumed and Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2008.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	\$ -	\$ -	\$32,500,000	\$5,687,500	(\$32,500,000)	(\$5,687,500)
b. All other	-	-	7,602,000	1,330,350	(7,602,000)	(1,330,350)
c. Totals	\$ -	\$ -	\$40,102,000	\$8,542,000	(\$40,102,000)	(\$7,017,850)
d. Direct Unearned Premium Reserve	\$61,401,000					

NOTES TO FINANCIAL STATEMENTS

2. Certain agency agreements provide for additional commissions based on the actual loss experience of the produced business. Amounts accrued at the end of the current year are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$1,404,106	\$0	\$0	\$1,404,106
b. Sliding Scales adjustments	0	0	0	0
c. Other Profit Commission adjustments	0	0	0	0
d. Total	\$1,404,106	\$0	\$0	\$1,404,106

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

3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

Note 23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

Note 24. Changes in Incurred Losses and Loss Adjustment Expenses

No material changes.

Note 25. Intercompany Pooling Arrangements

Not applicable

Note 26. Structured Settlements

A. Reserves Released due to Purchase of Annuities

Not applicable

B. Annuity Insurers with Balances due Greater than 1% of Policyholders Surplus

Not applicable

Note 27. Health Care Receivables

A. and B. Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 28. Participating Accident and Health Policies

Not Applicable

Note 29. Premium Deficiency Reserves

Not Applicable

Note 30. High Deductibles

The amounts billed and recoverable as of December 31, 2009 and 2008, were \$1,089,625 and \$839,330, respectively. Unsecured recoverable of \$1,089,625 for 2008 and \$839,330 for 2008, or 100%, were nonadmitted.

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

A. Tabular Discounts

Not applicable

B. Non- Tabular Discounts

Not applicable

C. Changes in Discount Assumptions

Not applicable

Note 32. Asbestos/Environmental Reserves

A. Asbestos Reserves

Does the Company have on books or has it ever written an insured for which it has identified a potential for the existence of a liability due to environmental losses? No

B. Ending Reserves for Asbestos Claims for Bulk and IBNR Losses and LAE

Not applicable

C. Ending Reserves for Asbestos Claims for Loss Adjustment Expenses (Case, Bulk and IBNR)

Not applicable

D. Environmental Reserves

Does the Company have on books or has it ever written an insured for which it has identified a potential for the existence of a liability due to environmental losses? No

E. Ending Reserves for Environmental Claims for Bulk and IBNR Losses and LAE

Not applicable

F. Ending Reserves for Environmental Claims for Loss Adjustment Expenses (Case, Bulk and IBNR)

Not applicable

While we have not identified for any of our insurer's a potential for the existence of a liability due to asbestos or environmental losses, we are aware that case law is constantly evolving and that our future liability picture could change. At present, we have no information that leads us to believe that any potential asbestos or environmental liabilities exist.

Note 33. Subscriber Savings Accounts

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 34. 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 N/A
- 1.3 State Regulating? Commonwealth of Puerto Rico
- 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. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/04/2008
- 3.4 By what department or departments?
Commonwealth of Puerto Rico
- 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 N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 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 name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Company Code | 3
State of Domicile |
|---------------------|------------------------|------------------------|
| | | |
- 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; 99.9 %
- 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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
Bermuda	Corporation

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 [X] No []
- 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
AIG Equity Sales Corp.	New York, New York	NO	NO	NO	NO	YES
AIG Federal Savings Bank	Wilmington, Delaware	NO	NO	YES	NO	NO
AIG Financial Securities Corp.	Westport, Connecticut	NO	NO	NO	NO	YES
American General Distributors, Inc.	Houston, Texas	NO	NO	NO	NO	YES
American General Equity Services Corp.	Houston, Texas	NO	NO	NO	NO	YES
FSC Securities Corp.	Atlanta, Georgia	NO	NO	NO	NO	YES
Brazos Capital Management, L. P.	Dallas, Texas	NO	NO	NO	NO	YES
Royal Alliance Associates, Inc.	New York, New York	NO	NO	NO	NO	YES
SunAmerica Asset Management Corp.	New York, New York	NO	NO	NO	NO	YES
SunAmerica Capital Services, Inc.	Jersey City, New Jersey	NO	NO	NO	NO	YES
The Variable Annuity Life Insurance Company	Houston, Texas	NO	NO	NO	NO	YES
AIG Asset Management (U. S.), LLC	New York, New York	NO	NO	NO	NO	YES
PineBridge Investments LLC	New York, New York	NO	NO	NO	NO	YES
Altaris Capital Partners, L.L.C.	New York, New York	NO	NO	NO	NO	YES
SagePoint Financial, Inc.	Phenix, Arizona	NO	NO	NO	NO	YES
VALIC Financial Advisors Inc.	Houston, Texas	NO	NO	NO	NO	YES

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PriceWaterhouseCoopers, LLP; P O Box 363566; San Juan, Puerto Rico 00936-3566
- 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Jay Morrow; Chartis International; New York, New York. He is a consultant actuary employed by Chartis International, an affiliate of the reporting entity.
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 - 11.11 Name of real estate holding company
 - 11.12 Number of parcels involved 0
 - 11.13 Total book/adjusted carrying value \$ 0
- 11.2 If, yes provide explanation:
.....
- 12. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
.....
- 13.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
.....
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
.....

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

FINANCIAL

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

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes [X] No []
- 22.2 If no, give full and complete information relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided) N/A.
- 22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A []
- 22.5 If answer to 22.4 is YES, report amount of collateral. \$
- 22.6 If answer to 22.4 is NO, report amount of collateral. \$
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3). Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$ 0
 - 23.22 Subject to reverse repurchase agreements \$ 0
 - 23.23 Subject to dollar repurchase agreements \$ 0
 - 23.24 Subject to reverse dollar repurchase agreements \$ 0
 - 23.25 Pledged as collateral \$ 0
 - 23.26 Placed under option agreements \$ 0
 - 23.27 Letter stock or other securities restricted as to sale \$ 0
 - 23.28 On deposit with state or other regulatory body \$ 1,701,042
 - 23.29 Other \$ 46,391,002

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

GENERAL INTERROGATORIES

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

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

1 Name of Custodian(s)	2 Custodian's Address
Citibank, N. A.	P O Box 364106; San Juan, Puerto Rico 00936-4106
Banco Popular de Puerto Rico	P O Box 362708; San Juan, Puerto Rico 00936-2708
Popular Securities	209 Muñoz Rivera Ave.; Popular Center-12th Floor; San Juan, Puerto Rico 00918
Santander Securities	87 Calle Tabonuco STE 1800; Guaynabo, Puerto Rico 00968-3028

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

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

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

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

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

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

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

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

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 - Total		0

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

1 Name of Mutual Fund (from 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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	164,856,033	171,751,164	6,895,131
28.2 Preferred stocks			0
28.3 Totals	164,856,033	171,751,164	6,895,131

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

In order to report market values as accurately as possible, Chartis Insurance Company - Puerto Rico elected to use market sources for all of its reported fair market values.

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

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

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
We use the information given by the Custodians in the monthly statements. Most of them include their pricing policy as part of those statements.

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$431,263

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

1 Name	2 Amount Paid
Insurance Services Office	253,193

32.1 Amount of payments for legal expenses, if any?\$139,250

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

1 Name	2 Amount Paid
Pinto-Lugo, Oliveras & Ort z, PSC	112,414

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 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?
NONE.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
The Company monitors its catastrophic liability accumulations from earthquake and windstorms in all highly exposed territories by requiring quarterly reporting of in force policy limits (CRESTA zone) utilizing computer systems developed by RMS to estimate probable maximum loss.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company purchased catastrophe excess of loss reinsurance as protection from an excessive loss for property exposures. Per risk excess of loss reinsurance is also purchased to protect the Company from an excessive loss exposure.
- 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 uninsured catastrophic loss.
.....
- 7.1 Has this 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 ratio 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 this 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 arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No []
- 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 AND CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information
.....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses\$
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses)\$
- 12.2 Of the amount on Line 13.3, Page 2, state the amount which 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] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From %
- 12.42 To %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under 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):\$ 750,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [X] No []
- 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 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
The method of allocating and recording reinsurance among the Company and other cedants in multiple cedant reinsurance contracts incepting prior to January 1, 2007, for the most part provides that premiums and losses are generally allocated and recorded according to the proportion of ceded business attributable to each cedant's policies, or, if a cedant is a party to an inter-company pool, to that cedant's designated pool share of all policies written by the pool members. The Company has not participated in any multi-cedant contracts incepting on or after January 1, 2007.
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No [X]
- 14.5 If the answer to 14.4 is no, please explain:
The method of allocating reinsurance among the Company and other cedants in multiple cedant reinsurance contracts incepting prior to January 1, 2007, generally is not contained in a written agreement.
- 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 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home					
16.12 Products					
16.13 Automobile					
16.14 Other*					

* Disclose type of coverage:
.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$
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 - P art 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 funds administered as of the reporting date. \$

FIVE-YEAR HISTORICAL DATA

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

	1 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	40,377,099	46,246,258	51,684,379	52,760,196	55,984,357
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	61,315,529	70,156,192	70,053,678	72,287,867	74,744,727
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	9,713,841	13,251,561	13,773,454	13,746,000	12,375,506
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,587,719	6,087,394	5,980,892	6,769,263	7,686,315
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	116,994,188	135,741,405	141,492,403	145,563,326	150,790,905
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	9,254,575	10,397,201	11,411,252	12,553,826	12,816,232
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	10,199,148	14,067,561	14,530,544	19,618,422	19,283,283
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,996,374	5,970,675	6,031,882	5,971,494	4,336,266
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,004,984	3,201,951	3,487,250	3,518,307	3,573,438
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	27,455,081	33,637,388	35,460,928	41,662,049	40,009,219
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	3,584,900	15,565,597	7,756,124	1,188,416	1,427,185
14. Net investment gain or (loss) (Line 11)	6,139,675	7,611,018	8,702,026	7,718,752	7,238,244
15. Total other income (Line 15)	0	0	0	0	0
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	939,604	6,133,179	3,300,142	1,050,976	438,168
18. Net income (Line 20)	8,784,971	17,043,436	13,158,008	7,856,192	8,227,261
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	228,980,837	231,886,570	224,960,614	213,068,423	212,480,854
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	16,367,263	15,374,781	20,028,104	17,439,617	17,206,188
20.2 Deferred and not yet due (Line 13.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 13.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	77,778,057	89,611,456	92,418,052	94,302,097	89,622,393
22. Losses (Page 3, Line 1)	19,896,695	21,133,003	26,329,590	26,986,471	23,983,590
23. Loss adjustment expenses (Page 3, Line 3)	8,048,368	8,096,052	10,308,438	9,841,038	11,044,000
24. Unearned premiums (Page 3, Line 9)	21,299,070	24,227,838	25,880,856	29,059,047	29,199,134
25. Capital paid up (Page 3, Lines 28 & 29)	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
26. Surplus as regards policyholders (Page 3, Line 35)	151,202,780	142,275,114	132,542,562	118,766,326	122,858,461
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(4,023,629)	18,493,547	(881,537)	18,665,985	6,997,600
Risk-Based Capital Analysis					
28. Total adjusted capital	151,202,780	142,275,114	132,542,562	118,766,326	122,858,461
29. Authorized control level risk-based capital	8,122,841	6,282,660	5,053,627	4,642,895	5,239,155
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 10, Col. 3) x100.0					
30. Bonds (Line 1)	75.9	75.5	86.1	85.5	92.9
31. Stocks (Lines 2.1 & 2.2)	(0.1)	(0.1)	0.1	(0.2)	0.2
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)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	24.1	24.6	13.9	14.8	6.9
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Receivables for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in parent, subsidiaries and affiliates					
40. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)	0	0	0	0	0
41. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)	0	0	0	0	0
42. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)	(112,598)	(299,554)	130,096	(625,206)	50,000
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
44. Affiliated mortgage loans on real estate	0	0	0	0	0
45. All other affiliated	0	0	0	0	0
46. Total of above Lines 40 to 45	(112,598)	(299,554)	130,096	(625,206)	50,000
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	(0.1)	(0.2)	0.1	(0.5)	0.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2009	2 2008	3 2007	4 2006	5 2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	186,956	(428,301)	808,673	(729,926)	0
49. Dividends to stockholders (Line 35)				(12,000,000)	0
50. Change in surplus as regards policyholders for the year (Line 38)	8,927,667	9,732,551	13,776,236	(4,092,135)	13,297,648
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	18,051,153	30,376,308	24,151,977	23,959,990	30,725,937
52. Property lines (Lines 1, 2, 9, 12, 21 & 26)	14,049,796	13,695,662	21,319,217	11,545,144	13,240,910
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,830,216	12,394,233	3,088,805	3,834,706	7,830,033
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(829,739)	(430,867)	(3,050,866)	2,633,517	3,934,884
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
56. Total (Line 35)	34,101,426	56,035,336	45,509,133	41,973,357	55,731,764
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,558,664	4,558,871	6,058,662	10,186,514	8,582,446
58. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,678,578	3,490,593	5,142,247	5,970,675	5,276,111
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,196,857	2,474,642	1,582,189	1,889,159	3,923,390
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	480,454	2,003	519,674	613,291	1,459,512
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
62. Total (Line 35)	8,914,553	10,526,109	13,302,772	18,659,639	19,241,459
Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2)	25.3	15.1	32.7	51.8	43.0
65. Loss expenses incurred (Line 3)	15.2	8.3	13.8	12.3	19.6
66. Other underwriting expenses incurred (Line 4)	47.7	32.5	33.4	33.0	33.7
67. Net underwriting gain (loss) (Line 8)	11.8	44.1	20.1	2.8	3.7
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	52.8	34.1	36.4	33.1	32.5
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	40.5	23.4	46.5	64.1	62.6
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	18.2	23.6	26.8	35.1	32.6
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(2,028)	(7,363)	(2,715)	5,144	153
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0)	(1.4)	(5.6)	(2.3)	4.2	0.1
Two Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(9,002)	(6,918)	2,931	6,659	(2,315)
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0)	(6.8)	(5.8)	2.4	6.1	(2.4)

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

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 OMITTED)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4	5	6	7	8	9			
1. Prior.....	XXX	XXX	XXX	(1,445)	(1,192)	290	249	949	793	(81)	(57)	XXX
2. 2000.....	140,992	102,742	38,250	104,764	85,185	12,052	9,518	14,411	11,548	2,471	24,976	XXX
3. 2001.....	153,943	113,689	40,254	49,972	32,488	11,701	8,369	7,731	5,623	1,879	22,925	XXX
4. 2002.....	165,632	125,908	39,724	38,341	23,785	8,822	6,217	11,328	7,740	992	20,750	XXX
5. 2003.....	171,593	135,708	35,885	30,993	21,100	5,044	3,479	8,538	5,019	225	14,976	XXX
6. 2004.....	158,842	123,053	35,789	30,693	18,191	2,858	1,947	8,634	5,153	(196)	16,894	XXX
7. 2005.....	149,933	111,292	38,641	40,833	27,991	1,814	1,159	8,493	4,744	(348)	17,246	XXX
8. 2006.....	148,498	106,695	41,803	43,466	31,461	5,623	2,981	12,413	6,936	(1,862)	20,125	XXX
9. 2007.....	142,774	104,135	38,639	17,066	7,419	967	483	1,850	880	(669)	11,100	XXX
10. 2008.....	140,798	105,504	35,294	10,674	3,293	5,664	2,838	610	355	(349)	10,462	XXX
11. 2009.....	128,511	98,130	30,381	15,268	11,466	781	487	210	159	(151)	4,147	XXX
12. Totals	XXX	XXX	XXX	380,627	261,187	55,616	37,727	75,166	48,950	1,911	163,544	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		Unpaid				
	13	14	15	16	17	18	19	20	21	22			
1. Prior.....	13,940	13,166	5,452	5,452	0	0	851	839	1,246	1,171	63	862	XXX
2. 2000.....	5,169	4,648	251	251	0	0	261	234	375	346	20	577	XXX
3. 2001.....	1,680	1,045	(1,055)	(1,099)	0	0	(84)	(118)	229	140	10	802	XXX
4. 2002.....	7,323	6,416	1,327	1,231	0	0	803	677	905	749	0	1,284	XXX
5. 2003.....	1,399	1,040	1,706	1,555	0	0	602	508	767	672	29	699	XXX
6. 2004.....	1,017	815	1,352	1,207	0	0	635	595	456	407	11	436	XXX
7. 2005.....	2,886	2,185	2,814	2,386	0	0	828	657	849	663	24	1,486	XXX
8. 2006.....	4,959	4,173	4,268	3,577	0	0	1,116	1,196	1,083	1,014	80	1,466	XXX
9. 2007.....	12,955	11,996	6,381	5,055	0	0	3,707	2,380	1,771	1,408	125	3,975	XXX
10. 2008.....	3,899	2,451	10,014	7,492	0	0	2,248	1,585	2,115	1,376	232	5,372	XXX
11. 2009.....	33,952	32,226	17,904	12,426	0	0	7,385	5,074	3,796	2,324	305	10,987	XXX
12. Totals	89,179	80,160	50,414	39,534	0	0	18,352	13,627	13,593	10,270	899	27,948	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	27	28	29	30	31	32	33		35	36
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	775	87
2. 2000.....	137,283	111,730	25,553	97.4	108.7	66.8	0	0		521	56
3. 2001.....	70,175	46,448	23,727	45.6	40.9	58.9	0	0		679	123
4. 2002.....	68,849	46,815	22,034	41.6	37.2	55.5	0	0		1,002	282
5. 2003.....	49,049	33,373	15,676	28.6	24.6	43.7	0	0		510	189
6. 2004.....	45,645	28,315	17,330	28.7	23.0	48.4	0	0		347	89
7. 2005.....	58,517	39,785	18,732	39.0	35.7	48.5	0	0		1,129	357
8. 2006.....	72,928	51,337	21,591	49.1	48.1	51.7	0	0		1,477	(11)
9. 2007.....	44,697	29,621	15,075	31.3	28.4	39.0	0	0		2,285	1,690
10. 2008.....	35,224	19,390	15,834	25.0	18.4	44.9	0	0		3,970	1,402
11. 2009.....	79,296	64,162	15,134	61.7	65.4	49.8	0	0		7,204	3,783
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	19,900	8,048

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 One Year	12 Two Year
1. Prior.....	20,378	19,981	19,292	19,686	18,323	19,454	20,774	20,552	19,721	19,567	(153)	(984)
2. 2000.....	22,288	19,598	21,861	23,323	21,590	21,752	22,637	23,010	22,695	22,661	(34)	(349)
3. 2001.....	XXX	19,423	18,657	20,501	20,734	20,439	21,465	21,860	21,633	21,531	(102)	(329)
4. 2002.....	XXX	XXX	16,801	17,883	15,277	17,512	18,735	17,954	17,930	18,292	361	338
5. 2003.....	XXX	XXX	XXX	12,680	10,543	12,601	13,020	12,643	12,336	12,062	(274)	(581)
6. 2004.....	XXX	XXX	XXX	XXX	18,560	13,420	15,055	14,230	13,497	13,801	304	(429)
7. 2005.....	XXX	XXX	XXX	XXX	XXX	18,452	17,089	16,313	14,865	14,797	(68)	(1,516)
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	18,007	17,505	17,189	16,043	(1,146)	(1,462)
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,433	14,272	13,743	(529)	(3,690)
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,227	14,840	(387)	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,611	XXX	XXX
12. Totals											(2,028)	(9,002)

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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009		
1. Prior.....	.000	4,907	10,025	13,083	14,304	17,012	18,983	19,584	18,994	18,781	XXX	XXX
2. 2000.....	7,001	12,117	15,627	17,856	19,747	20,918	21,481	21,667	22,067	22,113	XXX	XXX
3. 2001.....	XXX	6,049	10,779	14,381	17,905	18,419	19,671	20,117	20,553	20,818	XXX	XXX
4. 2002.....	XXX	XXX	5,316	8,895	9,950	14,678	16,814	17,026	17,054	17,163	XXX	XXX
5. 2003.....	XXX	XXX	XXX	4,277	6,010	7,694	9,551	10,410	11,135	11,458	XXX	XXX
6. 2004.....	XXX	XXX	XXX	XXX	5,754	9,344	10,835	12,290	12,768	13,414	XXX	XXX
7. 2005.....	XXX	XXX	XXX	XXX	XXX	6,711	10,559	12,101	12,946	13,497	XXX	XXX
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	7,478	10,896	13,915	14,646	XXX	XXX
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,253	9,141	10,131	XXX	XXX
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,879	10,207	XXX	XXX
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,096	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior.....	5,200	5,039	2,666	2,007	813	30	315	136	(46)	12
2. 2000.....	10,805	3,689	2,030	2,629	(193)	(681)	164	224	80	27
3. 2001.....	XXX	10,548	2,468	1,597	597	185	82	361	198	78
4. 2002.....	XXX	XXX	7,623	3,151	1,366	647	572	376	308	221
5. 2003.....	XXX	XXX	XXX	7,208	2,310	2,349	1,488	614	508	244
6. 2004.....	XXX	XXX	XXX	XXX	10,150	2,568	2,437	897	163	185
7. 2005.....	XXX	XXX	XXX	XXX	XXX	9,332	4,202	2,443	1,045	599
8. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	8,055	5,162	2,213	611
9. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,301	3,691	2,653
10. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,593	3,185
11. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,789

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama AL	N									
2. Alaska AK	N									
3. Arizona AZ	N									
4. Arkansas AR	N									
5. California CA	N									
6. Colorado CO	N									
7. Connecticut CT	N									
8. Delaware DE	N									
9. District of Columbia DC	N									
10. Florida FL	N									
11. Georgia GA	N									
12. Hawaii HI	N									
13. Idaho ID	N									
14. Illinois IL	N									
15. Indiana IN	N									
16. Iowa IA	N									
17. Kansas KS	N									
18. Kentucky KY	N									
19. Louisiana LA	N									
20. Maine ME	N									
21. Maryland MD	N									
22. Massachusetts MA	N									
23. Michigan MI	N									
24. Minnesota MN	N									
25. Mississippi MS	N									
26. Missouri MO	N									
27. Montana MT	N									
28. Nebraska NE	N									
29. Nevada NV	N									
30. New Hampshire NH	N									
31. New Jersey NJ	N									
32. New Mexico NM	N									
33. New York NY	N									
34. North Carolina NC	N									
35. North Dakota ND	N									
36. Ohio OH	N									
37. Oklahoma OK	N									
38. Oregon OR	N									
39. Pennsylvania PA	N									
40. Rhode Island RI	N									
41. South Carolina SC	N									
42. South Dakota SD	N									
43. Tennessee TN	N									
44. Texas TX	N									
45. Utah UT	N									
46. Vermont VT	N									
47. Virginia VA	N									
48. Washington WA	N									
49. West Virginia WV	N									
50. Wisconsin WI	N									
51. Wyoming WY	N									
52. American Samoa AS	N									
53. Guam GU	N									
54. Puerto Rico PR	L	116,866,226	128,381,632	0	33,946,264	77,774,790	136,789,647	0		
55. U.S. Virgin Islands VI	L	127,962	130,959	0	155,160	(402,246)	2,781,923	0		
56. Northern Mariana Islands MP	N									
57. Canada CN	N									
58. Aggregate Other Aliens OT	XXX	0	0	0	0	0	0	0	0	
59. Totals (a)	(a) 2	116,994,188	128,512,591	0	34,101,424	77,372,544	139,571,570	0	0	
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	

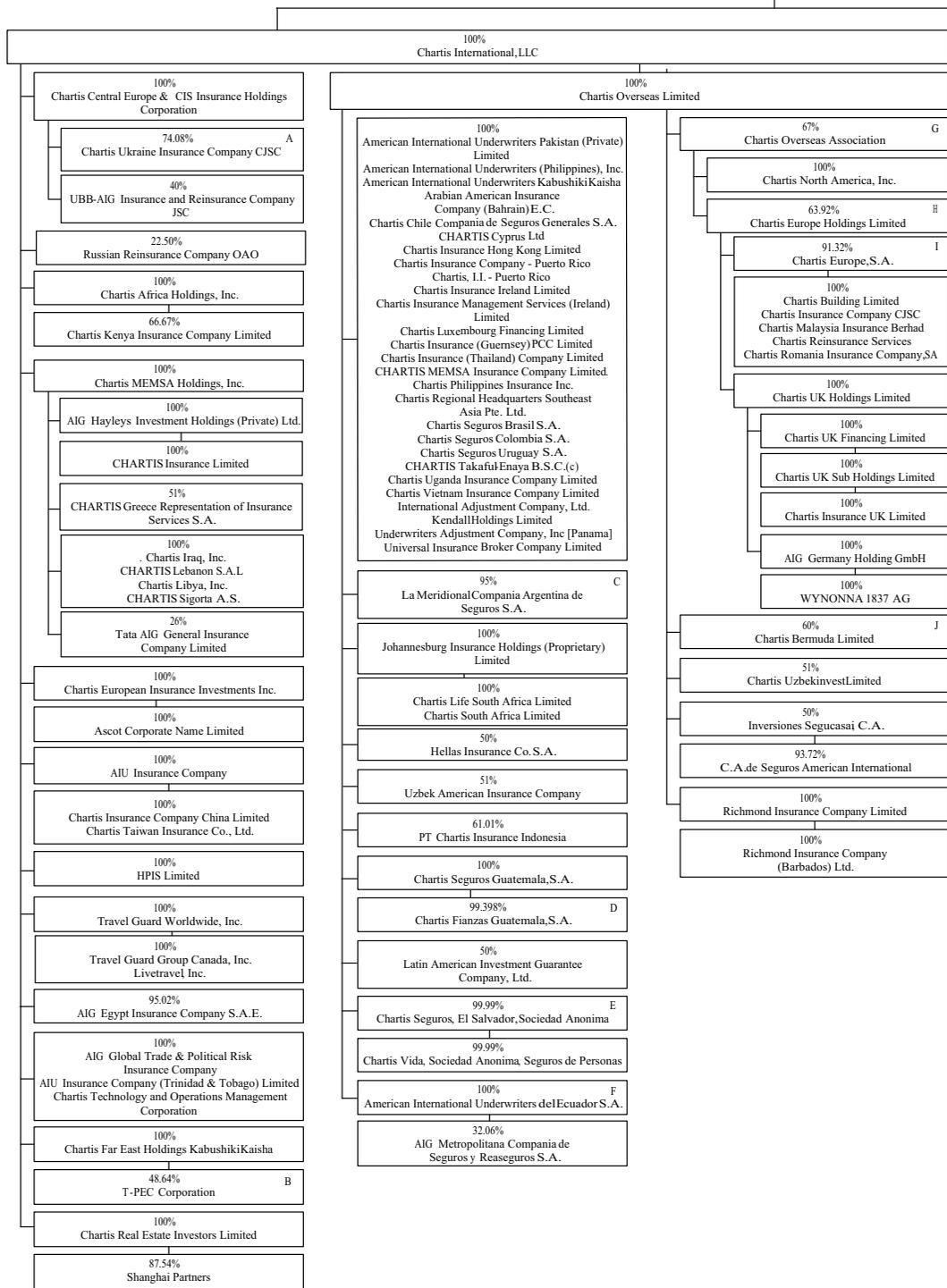
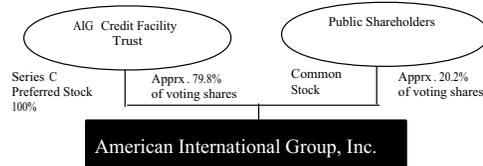
Explanation of basis of allocation of premiums by states, etc.

Premiums allocated by state based on Location of risk or property.

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

SCHEDULE Y

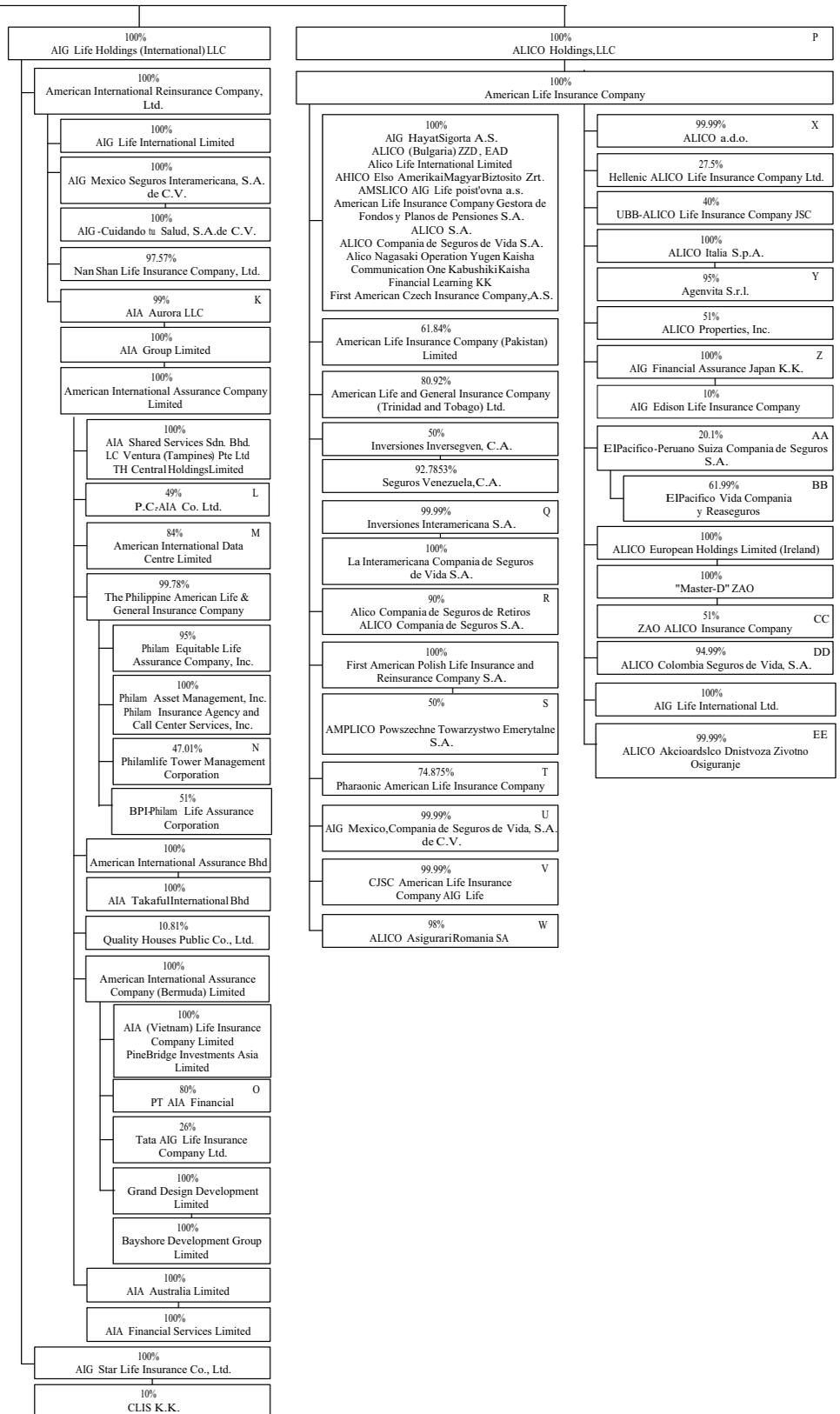
EXPLANATION OF ORGANIZATION CHART PRESENTATION:
 CERTAIN AFFILIATES ARE NOT DISPLAYED SINCE THEY DO NOT MEET THE REPORTING THRESHOLD BASED ON THE NAIC ANNUAL STATEMENT INSTRUCTIONS. THE CHART DOES NOT INCLUDE REAL ESTATE JOINT VENTURES, PARTNERSHIPS, TRUSTS, FUNDS, BRANCHES OR INACTIVE ENTITIES.



A. 5.73% Steppe Securities, L.L.C.
 20.18% American International Group, Inc.
 B. 10.00% American Life Insurance Company
 9.40% American Home Assurance Company

C. 4.99% Chartis Global Management Company Limited
 D. .602% American International Underwriters (Guatemala), S.A.
 E. .01% Chartis Latin America Investments LLC
 F. 19.72% Chartis Overseas Association

G. 10.00% American Home Assurance Company
 11.00% National Union Fire Insurance Company of Pittsburgh, Pa.
 12.00% New Hampshire Insurance Company
 H. 1.42% Chartis Luxembourg Financing Limited
 32.39% Chartis Overseas Limited
 2.28% Chartis Bermuda Limited
 I. 8.68% Chartis Overseas Limited
 J. 40.00% American International Reinsurance Company, Ltd.



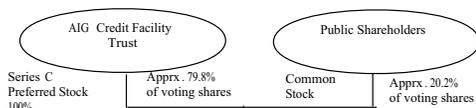
K 1.00% American International Group, Inc.
Federal Reserve Bank of New York 100% Interest with certain rights not customary of preferred holders
L 51.00% Rich Development Limited
M 16.00% Chartis Insurance Hong Kong Limited
N 3.45% Kapatiran Realty Corporation
11.24% Per/Realty Corporation
6.83% Pitlan Properties Corporation
O 20.00% PT Asti Indah Abadi

P. Federal Reserve Bank of New York 100% Interest with certain rights not customary of preferred holders
Q .01% International Technical and Advisory Services Limited
R 10.00% International Technical and Advisory Services Limited
S 50.00% American Life Insurance Company
T 7.50% AIG Egypt Insurance Company S.A.E.
U .00001% International Technical and Advisory Services Limited
V .0005% International Technical and Advisory Services Limited
W 1.00% Societatea de Asigurari AIG Romania SA
1.00% International Technical and Advisory Services Limited

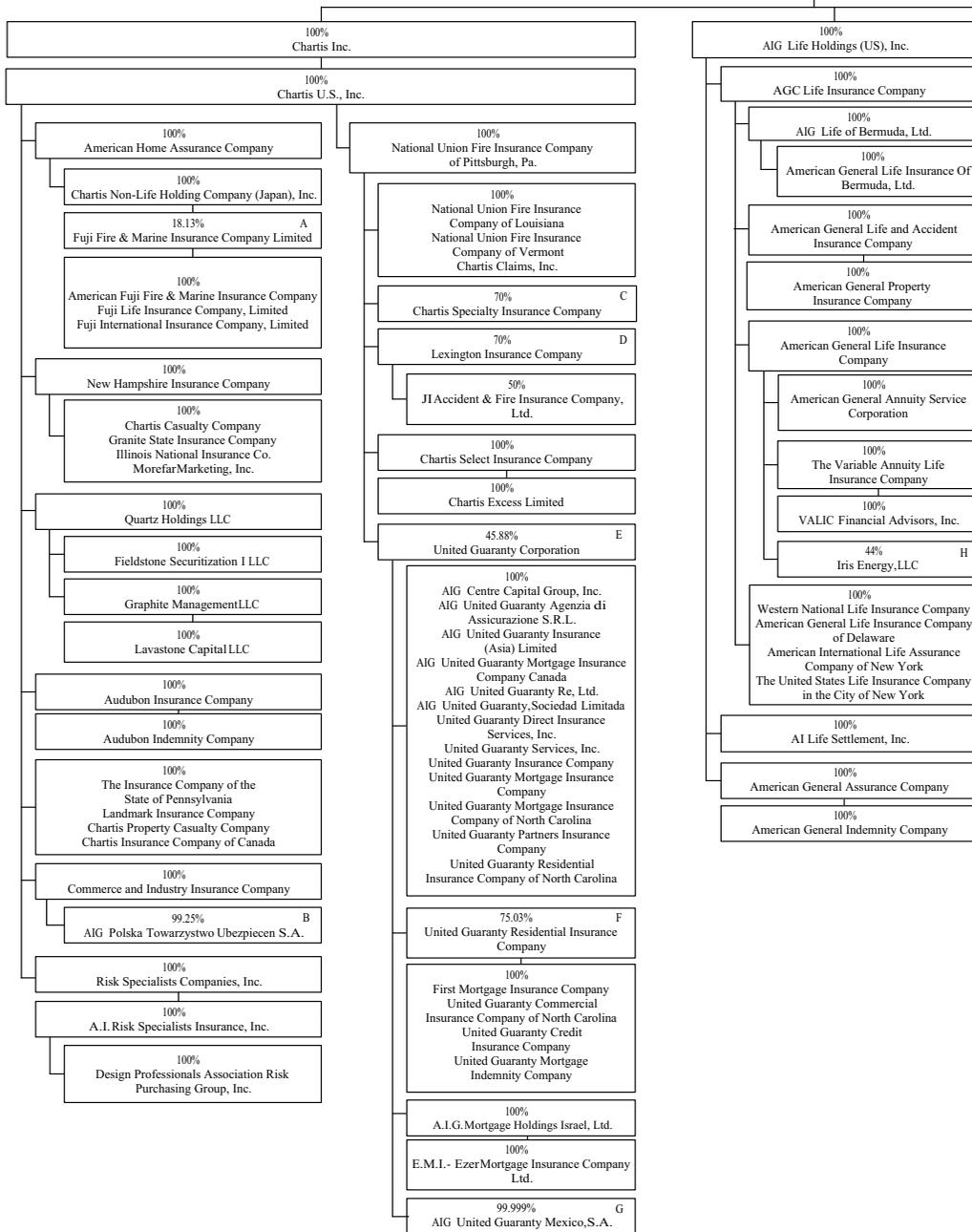
X .0.01% International Technical and Advisory Services Limited
Y .5.00% American Life Insurance Company
Z 2.77% Chartis Overseas Limited
AA 90.00 American International Reinsurance Company, Limited
BB 38.01% American Life Insurance Company
CC 49.00% American Life Insurance Company
DD 5.01% International Technical and Advisory Services Limited
EE 0.01% International Technical and Advisory Services Limited

SCHEDULE Y

EXPLANATION OF ORGANIZATION CHART PRESENTATION: CERTAIN AFFILIATES ARE NOT DISPLAYED SINCE THEY DO NOT MEET THE REPORTING THRESHOLD BASED ON THE NAIC ANNUAL STATEMENT INSTRUCTIONS. THE CHART DOES NOT INCLUDE REAL ESTATE JOINT VENTURES, PARTNERSHIPS, TRUSTS, FUNDS, BRANCHES OR INACTIVE ENTITIES.



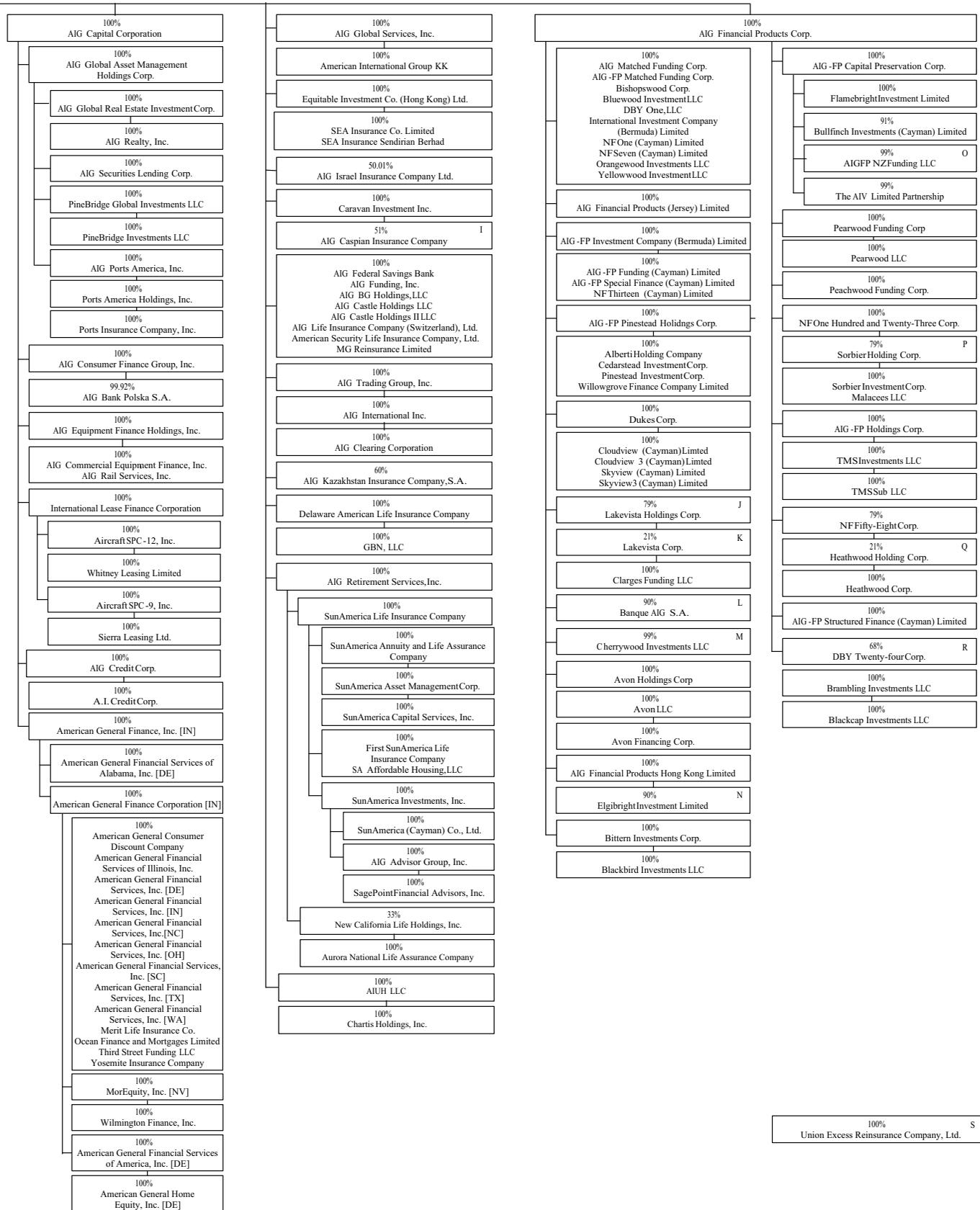
American International Group, Inc.



A. 10.36% All Insurance Company
2.58% Chartis Overseas Limited
7.73% Chartis Europe, S.A.
2.76% American Home Assurance Company
B. 75% American Life Insurance Company

C. 10.00% Chartis Property Casualty Company
20.00% The Insurance Company of the State of Pennsylvania
D. 10.00% Chartis Property Casualty Company
20.00% The Insurance Company of the State of Pennsylvania
E. 35.12% New Hampshire Insurance Company
19.00% The Insurance Company of the State of Pennsylvania
F. 24.97% United Guaranty Residential Insurance Company of North Carolina
G. .001% United Guaranty Services, Inc.

H. 29.00% American General Life and Accident Insurance Company
1.00% Iris Energy Holding, L.P.



1. 49.00% American International Group, Inc.

J. 21.00% NFFifty-One (Cayman) Limited
 K. 79.00% AIG Financial Products Corp.
 L. 10.00% AIG Matched Funding Corp.
 M. 1.00% AIG -FP Capital Preservation Corp.
 N. 10.00% AIG Financial Products Corp.

O. 1.00% AIG Financial Products Corp.
 P. 21.00% NF Thirty-nine Corp.
 Q. 79.00% AIG Financial Products Corp.
 R. 17.00% AIG -FP Pinestead Holdings Corp.
 S. 15.00% NFSeven (Cayman) Limited

S. Although no AIG company owns an equity interest in Union Excess, control over Union Excess may be implied through the timing and nature of certain reinsurance commutations

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

AMERICAN INTERNATIONAL GROUP, INC. - 2009

COMPANY NAME	NAIC COMPANY CODE	STATE OF DOMICILE	FEDERAL EMPLOYERS IDENTIFICATION NUMBER
AGC LIFE INSURANCE COMPANY	97780	MO	76-0030921
AHICO ELSŐ AMERIKAI-MAGYAR BIZTOSÍTÓ ZRT.(F/K/A AHICO FIRST AMERICAN HUNGARIAN INS CO.)	00000	Hungary	01-1004150
AIG CAPITAL CORPORATION	00000	DE	60-0001373
AIG CASTLE HOLDINGS II LLC	00000	DE	00-0000000
AIG CONSUMER FINANCE GROUP, INC.	00000	DE	13-3847404
AIG FUNDING, INC.	00000	DE	13-3356994
AIG GLOBAL TRADE & POLITICAL RISK INSURANCE COMPANY	10651	NJ	22-3423217
AIG LIFE HOLDINGS (US), INC. (F/K/A AMERICAN GENERAL CORPORATION)	00000	TX	74-0483432
AIG LIFE INTERNATIONAL LTD. (IOM)	00000	Isle of Man	00-0000000
AIG MEXICO, COMPANIA DE SEGUROS DE VIDA, S.A. DE C.V.	00000	Mexico	00-0000000
AIG POLSKA TOWARZYSTWO UBEZPIECEN S.A.	00000	Poland	00-0000000
AIG REALTY, INC.	00000	DE	51-0382069
AIG RETIREMENT SERVICES, INC.	00000	DE	95-4715639
AIG SECURITIES LENDING CORP.	00000	DE	13-4009890
AIG UNITED GUARANTY - AGENZIA DI ASSICURAZIONE S.R.L	00000	Italy	00-0000000
AIG UNITED GUARANTY MEXICO, S.A.	00000	Mexico	00-0000000
AIG UNITED GUARANTY MORTGAGE INSURANCE CANADA	00000	CANADA	00-0000000
AIU INSURANCE COMPANY	19399	NY	13-5303710
ALICO AKCIOARDSLCO DNISTVOZA ZIVOTNO OSIGURANJE (F/K/A AIG LIFE OSIGURANJE A.D.O. BEOGRAD)	00000	Serbia	00-0000000
ALICO COMPANIA DE SEGUROS S.A. (ARGENTINA)	00000	Argentina	00-0000000
ALICO EUROPEAN HOLDINGS LIMITED	00000	Ireland	00-0000000
ALICO LIFE INTERNATIONAL LIMITED(F/K/A AIG LIFE (IRELAND) LIMITED)	00000	Ireland	00-0000000
ALICO NAGASAKI OPERATION YUGEN KAISHA	00000	Japan	00-0000000
ALICO PROPERTIES, INC II	00000	DE	52-2094096
ALICO PROPERTIES, INC.	00000	DE	13-3912049
ALICO, S.A.	00000	France	00-0000000
AMERICAN GENERAL ASSURANCE COMPANY	68373	IL	36-1677770
AMERICAN GENERAL FINANCE CORPORATION	00000	IN	35-0416090
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY	66672	TN	62-0306330
AMERICAN GENERAL LIFE INSURANCE COMPANY	60488	TX	25-0598210
AMERICAN GENERAL LIFE INSURANCE COMPANY OF DELAWARE (F/K/A AIG LIFE INSURANCE COMPANY)	66842	DE	25-1118523
AMERICAN GENERAL PROPERTY INSURANCE COMPANY	31208	TN	62-0929818
AMERICAN HOME ASSURANCE COMPANY	19380	NY	13-5124990
AMERICAN INTERNATIONAL GROUP KABUSHIKI KAISHA	00000	Japan	00-0000000
AMERICAN INTERNATIONAL GROUP, INC.	00124	DE	13-2592361
AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK	60607	NY	13-6101875
AMERICAN INTERNATIONAL REINSURANCE COMPANY, LTD.	00000	Bermuda	23-2391022
AMERICAN INTERNATIONAL UNDERWRITERS CO., INC.	00000	Foreign	00-0000000
AMERICAN INTERNATIONAL UNDERWRITERS KABUSHIKI KAISHA	00000	Japan	00-0000000
AMERICAN LIFE AND GENERAL INSURANCE COMPANY (TRINIDAD & TOBAGO) LIMITED	00000	Trinidad and Tobago	00-0000000
AMERICAN LIFE INSURANCE COMPANY	60690	DE	98-0000065
AMERICAN LIFE INSURANCE COMPANY (PAKISTAN) LIMITED	00000	Pakistan	00-0000000
AMPLICO POWSZECHNE TOWARZYSTWO EMERYTALNE S.A. (F/K/A AIG POWSZECHNE TOWARZYSTWO EMERYTALNE S.A.)	00000	Poland	00-0000000
AMSLICO AIG LIFE POIST'OVNA A.S. (F/K/A FIRST AMERICAN SLOVAK INSURANCE COMPANY)	00000	Slovakia	00-0000000
AUDUBON INDEMNITY COMPANY	19925	MS	72-0680715
AUDUBON INSURANCE COMPANY	19933	LA	72-0417091
CHARTIS CASUALTY COMPANY (F/K/A AMERICAN INTERNATIONAL SOUTH INSURANCE COMPANY)	40258	PA	02-6008643
CHARTIS EUROPE, S.A. (F/K/A AIG EUROPE, S.A.)	00000	France	00-0000000
CHARTIS INSURANCE COMPANY - PUERTO RICO (F/K/A AMERICAN INTERNATIONAL INSURANCE COMPANY OF PUERTO RICO)	31674	Puerto Rico	66-0319193
CHARTIS INSURANCE HONG KONG LIMITED (F/K/A AMERICAN ASIATIC UNDERWRITERS LTD)	00000	Hong Kong	00-0000000
CHARTIS INSURANCE MANAGEMENT SERVICES	00000	Ireland	00-0000000
CHARTIS INTERNATIONAL LLC	00000	DE	01-0711348
CHARTIS LUXEMBOURG FINANCING LIMITED	00000	England and Wales	00-0000000
CHARTIS OVERSEAS LIMITED (F/K/A AMERICAN INTERNATIONAL UNDERWRITERS OVERSEAS, LTD)	33464	Bermuda	AA-3190234
CHARTIS PROPERTY CASUALTY COMPANY (F/K/A AIG CASUALTY COMPANY)	19402	PA	25-1118791
CHARTIS SEGUROS BRASIL S.A.(F/K/A AIG BRAZIL COMPANHIA DE SEGUROS S.A.)	00000	Brazil	00-0000000
CHARTIS SELECT INSURANCE COMPANY (F/K/A AIG EXCESS LIABILITY INSURANCE COMPANY LTD.)	10932	DE	52-2114170
CHARTIS SPECIALTY LINES INSURANCE COMPANY(F/K/A AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY)	26883	IL	02-0309086
CHARTIS TAKAFUL - ENAYA B.S.C. (F/K/A AIG TAKAFUL)	00000	Bahrain	00-0000000
CHARTIS U.S., INC. (F/K/A AIG COMMERCIAL INSURANCE GROUP, INC.)	00000	DE	13-3386798
COMMERCE AND INDUSTRY INSURANCE COMPANY	19410	NY	13-1938623
COMMUNICATION ONE KABUSHIKI KAISHA (JAPAN)	00000	Japan	00-0000000
DELAWARE AMERICAN LIFE INSURANCE COMPANY	62634	DE	51-0104167
EL PACIFICO-PERUANO SUIZA COMPANIA DE SEGUROS S.A.	00000	Peru	00-0000000
FINANCIAL LEARNING K.K.	00000	Japan	00-0000000
FIRST AMERICAN CZECH INSURANCE COMPANY, A.S.	00000	Czech Republic	00-0000000
FIRST AMERICAN POLISH LIFE INSURANCE & REINSURANCE COMPANY, S.A.	00000	Poland	00-0000000
FIRST MORTGAGE INSURANCE COMPANY	13694	NC	27-0550064
FIRST SUNAMERICA LIFE INSURANCE COMPANY	92495	NY	06-0992729
GRANITE STATE INSURANCE COMPANY	23809	PA	02-0140690
HELLENIC ALICO LIFE INSURANCE COMPANY, LTD	00000	Cyprus	00-0000000
ILLINOIS NATIONAL INSURANCE COMPANY	23817	IL	37-0344310
INVERSIONES INTERAMERICANA S.A.	00000	Chile	00-0000000
JI ACCIDENT & FIRE INSURANCE COMPANY, LTD.	00000	Japan	00-0000000
KENDALL HOLDINGS LIMITED	00000	Mauritius	00-0000000
LANDMARK INSURANCE COMPANY	35637	CA	22-2147221
LEXINGTON INSURANCE COMPANY	19437	DE	25-1149494
MERIT LIFE INSURANCE CO.	65951	IN	35-1005090
NATIONAL UNION FIRE INSURANCE COMPANY OF LOUISIANA	32298	LA	22-2940485
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.	19445	PA	25-0687550
NATIONAL UNION FIRE INSURANCE COMPANY OF VERMONT	00000	VT	03-0449619
NEW HAMPSHIRE INSURANCE COMPANY	23841	PA	02-0172170
PACIFIC UNION ASSURANCE COMPANY(MERGED W/AMERICAN GENERAL LIFE INSURANCE COMPANY)	81612	CA	94-2213840
PHARAONIC AMERICAN LIFE INSURANCE COMPANY	00000	Egypt	00-0000000
RICHMOND INSURANCE COMPANY LIMITED	00000	Bermuda	00-0000000
SA AFFORDABLE HOUSING, LLC	00000	DE	95-4816953
SEGUROS VENEZUELA, C.A.	00000	Venezuela	00-0000000
SHANGHAI PARTNERS	00000	GA	58-1657573

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**

AMERICAN INTERNATIONAL GROUP, INC. - 2009

COMPANY NAME	NAIC COMPANY CODE	STATE OF DOMICILE	FEDERAL EMPLOYERS IDENTIFICATION NUMBER
SUNAMERICA ANNUITY AND LIFE ASSURANCE COMPANY (F/K/A AIG SUNAMERICA LIFE ASSURANCE COMPANY)	60941	AZ	86-0198983
SUNAMERICA ASSET MANAGEMENT CORP.	00000	DE	13-3127880
SUNAMERICA INVESTMENTS, INC.	00000	GA	52-1128427
SUNAMERICA LIFE INSURANCE COMPANY	69256	AZ	52-0502540
THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA	19429	PA	13-5540698
THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK	70106	NY	13-5459480
T-PEC CORPORATION	00000	Japan	00-0000000
UNITED GUARANTY COMMERCIAL INSURANCE COMPANY OF NORTH CAROLINA	16659	NC	56-0989041
UNITED GUARANTY CORPORATION	00000	NC	13-3082127
UNITED GUARANTY CREDIT INSURANCE COMPANY	40525	NC	56-1307714
UNITED GUARANTY INSURANCE COMPANY	11715	NC	56-1790793
UNITED GUARANTY MORTGAGE INDEMNITY COMPANY	26999	NC	42-0994960
UNITED GUARANTY MORTGAGE INSURANCE COMPANY	11685	NC	56-1790794
UNITED GUARANTY MORTGAGE INSURANCE COMPANY OF NORTH CAROLINA	11740	NC	56-1790796
UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY	15873	NC	42-0885398
UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY OF NORTH CAROLINA	16667	NC	56-0789396
UNITED GUARANTY SERVICES, INC.	00000	NC	56-1273575
VARIABLE ANNUITY LIFE INSURANCE COMPANY -THE	70238	DE	74-1625348
WESTERN NATIONAL LIFE INSURANCE COMPANY (F/K/A AIG ANNUITY INSURANCE COMPANY)	70432	TX	75-0770838
YOSEMITE INSURANCE COMPANY	26220	IN	94-1590201

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 23

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2304. Amounts Billed and Receivable under High Deductible Policies	1,089,625	1,089,625	0	0
2305. Prepaid withholding taxes for dividends	500,000	500,000	0	0
2397. Summary of remaining write-ins for Line 23 from overflow page	1,589,625	1,589,625	0	0

Additional Write-ins for Liabilities Line 23

	1 Current Year	2 Prior Year
2304. Deferred net commission	259,563	852,566
2305. Other liabilities and unprocessed items	(17,707)	3,648
2306. Guaranty fund assessments payable	63,209	68,748
2397. Summary of remaining write-ins for Line 23 from overflow page	305,065	924,962

Additional Write-ins for Exhibit of Nonadmitted Assets Line 23

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2304. Amounts Billed and Receivable under High Deductible Policies	1,089,625	839,330	(250,295)
2305. Income tax prepaid on dividends	500,000	500,000	0
2397. Summary of remaining write-ins for Line 23 from overflow page	1,589,625	1,339,330	(250,295)

ALPHABETICAL INDEX

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Schedule B - Verification Between Years	SI02
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Schedule DB - Part D - Verification Between Years	SI13
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Schedule DB - Part E - Verification	SI13
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ANNUAL STATEMENT BLANK (Continued)

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