



ANNUAL STATEMENT

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

Hawaii Employers' Mutual Insurance Company, Inc.

NAIC Group Code.....	NAIC Company Code..... 10781	Employer's ID Number..... 99-0330530
(Current Period) (Prior Period)		
Organized under the Laws of Hawaii	State of Domicile or Port of Entry Hawaii	Country of Domicile US
Incorporated/Organized..... October 4, 1996	Commenced Business..... July 20, 1997	
Statutory Home Office	1003 Bishop Street Suite 1000..... Honolulu HI 96813-3407 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	1003 Bishop Street Suite 1000..... Honolulu HI 96813-3407 <i>(Street and Number) (City or Town, State and Zip Code)</i>	808-524-3642 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 3376..... Honolulu HI 96801 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	1003 Bishop Street Suite 1000..... Honolulu HI 96813-3407 <i>(Street and Number) (City or Town, State and Zip Code)</i>	808-524-3642 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.hemic.com	
Statutory Statement Contact	Peter Lee <i>(Name)</i> plee@hemic.com <i>(E-Mail Address)</i>	808-524-3642 x208 <i>(Area Code) (Telephone Number) (Extension)</i> 808-522-5510 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Robert Leo Dove Jr.	Chief Executive Officer	2. Jason T. Yoshimi #	President/CFO
3. Thomas C. Goob II	Secretary	4. Dwayne Neil Betsill #	Treasurer

OTHER

Michael Dennis Redman	Senior Vice President	David John Doehm #	Executive Vice President/COO
Faye Michiko Bueno	Vice President	Connie Faria Eder	Vice President
Joseph Pacheco Benevides Jr.	Assistant Vice President	Kurt Hirose	Assistant Vice President

DIRECTORS OR TRUSTEES

	John Fletcher Howell Chairperson		
Kathleen Kagawa Vice Chair	Robert Leo Dove Jr., Ex-Officio	Jack Schneider	Dwayne Neil Betsill
Keith Katsuro Horita	Thomas C. Goob II	Barry K. Taniguchi	Barbara L. Owens

State of..... Hawaii
County of..... Honolulu

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

_____ (Signature) Robert Leo Dove Jr.	_____ (Signature) Jason T. Yoshimi	_____ (Signature) Thomas C. Goob II
1. (Printed Name) Chief Executive Officer	2. (Printed Name) President/CFO	3. (Printed Name) Secretary
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This _____ day of _____ 2011

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

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).....	208,569,936		208,569,936	210,237,656
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	39,818,991		39,818,991	34,173,582
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	2,234,925		2,234,925	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....1,258,340, Sch. E-Part 1), cash equivalents (\$.....6,570, Sch. E-Part 2) and short-term investments (\$.....2,042,920, Sch. DA).....	3,307,830		3,307,830	6,427,050
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives.....			.0	
8. Other invested assets (Schedule BA).....	1,582,199	100,000	1,482,199	1,325,109
9. Receivables for securities.....	250,833		250,833	284
10. Securities lending reinvested collateral assets.....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	255,764,714	100,000	255,664,714	252,163,681
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	2,493,705		2,493,705	2,505,886
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	1,476,651	8,286	1,468,365	2,103,169
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	8,475,795	86,735	8,389,060	8,291,514
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	272,139		272,139	31,867
16.2 Funds held by or deposited with reinsured companies.....			.0	
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	
18.2 Net deferred tax asset.....			.0	
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	97,517		97,517	141,594
21. Furniture and equipment, including health care delivery assets (\$.....0).....	76,878	76,878	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	326,112		326,112	222,385
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	2,219,628	2,019,628	200,000	100,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	271,203,139	2,291,527	268,911,612	265,560,096
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTALS (Lines 26 and 27).....	271,203,139	2,291,527	268,911,612	265,560,096

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Deferred Premium Tax Credit.....	1,770,000	1,770,000	.0	
2502. Deposit for Real Estate.....	100,000		100,000	
2503. Prepaid Expenses.....	179,706	179,706	.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	169,922	69,922	100,000	100,000
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,219,628	2,019,628	200,000	100,000

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	66,217,187	72,693,806
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	18,109,241	18,753,234
4. Commissions payable, contingent commissions and other similar charges.....	924,760	991,204
5. Other expenses (excluding taxes, licenses and fees).....	978,166	1,000,610
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,554,080	3,059,042
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0).....	13,707,638	14,888,156
10. Advance premium.....	277,512	306,646
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	511,417	801,166
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....	90,950	209,545
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	201,538	179,925
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	102,572,489	112,883,334
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	102,572,489	112,883,334
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....		
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....		
35. Unassigned funds (surplus).....	166,339,123	152,676,762
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	166,339,123	152,676,762
38. TOTALS (Page 2, Line 28, Col. 3).....	268,911,612	265,560,096

DETAILS OF WRITE-INS

2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	28,969,645	37,323,480
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	15,411,189	21,518,556
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	4,909,475	3,364,238
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	9,318,109	11,482,651
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	29,638,773	36,365,445
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(669,128)	958,035
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	11,141,567	11,377,461
10. Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses)).....	176,719	(1,644,583)
11. Net investment gain (loss) (Lines 9 + 10).....	11,318,286	9,732,878
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	(269,067)
13. Finance and service charges not included in premiums.....	43,173	62,827
14. Aggregate write-ins for miscellaneous income.....	(31,045)	461,853
15. Total other income (Lines 12 through 14).....	12,128	255,613
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	10,661,286	10,946,526
17. Dividends to policyholders.....	2,000,000	3,249,908
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).....	8,661,286	7,696,618
19. Federal and foreign income taxes incurred.....		
20. Net income (Line 18 minus Line 19) (to Line 22).....	8,661,286	7,696,618
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	152,676,762	136,038,710
22. Net income (from Line 20).....	8,661,286	7,696,618
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	5,728,030	7,556,821
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	(726,955)	1,384,613
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	13,662,361	16,638,052
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	166,339,123	152,676,762
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. Amortization - Deferred Premium Tax Credit.....	(1,010,000)	(680,000)
1402. Other Expense.....		(7,500)
1403. Gain from Reinsurance Commutation.....	978,955	1,149,353
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).....	(31,045)	461,853
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	28,009,152	37,706,371
2. Net investment income.....	11,561,593	11,448,816
3. Miscellaneous income.....	1,044,695	1,204,680
4. Total (Lines 1 through 3).....	40,615,440	50,359,867
5. Benefit and loss related payments.....	22,128,080	21,997,942
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	16,370,357	18,125,230
8. Dividends paid to policyholders.....	2,000,000	3,249,908
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....		
10. Total (Lines 5 through 9).....	40,498,437	43,373,080
11. Net cash from operations (Line 4 minus Line 10).....	117,003	6,986,787
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	45,056,389	31,832,211
12.2 Stocks.....	915,854	1,092,559
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		47,703
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	45,972,243	32,972,473
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	43,690,221	36,585,843
13.2 Stocks.....	860,080	6,626,485
13.3 Mortgage loans.....		
13.4 Real estate.....	2,234,925	
13.5 Other invested assets.....	59,821	83,314
13.6 Miscellaneous applications.....	250,549	
13.7 Total investments acquired (Lines 13.1 to 13.6).....	47,095,596	43,295,642
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(1,123,353)	(10,323,169)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(2,112,870)	1,397,534
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(2,112,870)	1,397,534
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(3,119,220)	(1,938,848)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	6,427,050	8,365,898
19.2 End of year (Line 18 plus Line 19.1).....	3,307,830	6,427,050

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

20.0001		
---------------	--	--

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				.0
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....				.0
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....				.0
12. Earthquake.....				.0
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....	27,789,127	14,888,156	13,707,638	28,969,645
17.1 Other liability - occurrence.....				.0
17.2 Other liability - claims-made.....				.0
17.3 Excess workers' compensation.....				.0
18.1 Products liability - occurrence.....				.0
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....				.0
19.3, 19.4 Commercial auto liability.....				.0
21. Auto physical damage.....				.0
22. Aircraft (all perils).....				.0
23. Fidelity.....				.0
24. Surety.....				.0
26. Burglary and theft.....				.0
27. Boiler and machinery.....				.0
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....				.0
32. Reinsurance - nonproportional assumed liability.....				.0
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	27,789,127	14,888,156	13,707,638	28,969,645

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					.0
2. Allied lines.....					.0
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....					.0
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....					.0
10. Financial guaranty.....					.0
11.1 Medical professional liability - occurrence.....					.0
11.2 Medical professional liability - claims-made.....					.0
12. Earthquake.....					.0
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....					.0
16. Workers' compensation.....	13,707,638				13,707,638
17.1 Other liability - occurrence.....					.0
17.2 Other liability - claims-made.....					.0
17.3 Excess workers' compensation.....					.0
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....					.0
19.3, 19.4 Commercial auto liability.....					.0
21. Auto physical damage.....					.0
22. Aircraft (all perils).....					.0
23. Fidelity.....					.0
24. Surety.....					.0
26. Burglary and theft.....					.0
27. Boiler and machinery.....					.0
28. Credit.....					.0
29. International.....					.0
30. Warranty.....					.0
31. Reinsurance - nonproportional assumed property.....					.0
32. Reinsurance - nonproportional assumed liability.....					.0
33. Reinsurance - nonproportional assumed financial lines.....					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
35. TOTALS.....	13,707,638	.0	.0	.0	13,707,638
36. Accrued retrospective premiums based on experience.....					.0
37. Earned but unbilled premiums.....					.0
38. Balance (sum of Lines 35 through 37).....					13,707,638

DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case: daily pro-rata on a policy by policy basis.

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.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....	31,672,753				3,883,626	27,789,127
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
17.3 Excess workers' compensation.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....						.0
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....						.0
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Warranty.....						.0
31. Reinsurance - nonproportional assumed property.....	.XXX					.0
32. Reinsurance - nonproportional assumed liability.....	.XXX					.0
33. Reinsurance - nonproportional assumed financial lines.....	.XXX					.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
35. TOTALS.....	31,672,753	.0	.0	.0	3,883,626	27,789,127

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0			0	
2. Allied lines.....				0			0	
3. Farmowners multiple peril.....				0			0	
4. Homeowners multiple peril.....				0			0	
5. Commercial multiple peril.....				0			0	
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....				0			0	
9. Inland marine.....				0			0	
10. Financial guaranty.....				0			0	
11.1 Medical professional liability - occurrence.....				0			0	
11.2 Medical professional liability - claims-made.....				0			0	
12. Earthquake.....				0			0	
13. Group accident and health.....				0			0	
14. Credit accident and health (group and individual).....				0			0	
15. Other accident and health.....				0			0	
16. Workers' compensation.....	22,252,508		363,255	21,889,253	66,217,187	72,695,251	15,411,189	53.2
17.1 Other liability - occurrence.....				0			0	
17.2 Other liability - claims-made.....				0			0	
17.3 Excess workers' compensation.....				0			0	
18.1 Products liability - occurrence.....				0			0	
18.2 Products liability - claims-made.....				0			0	
19.1, 19.2 Private passenger auto liability.....				0			0	
19.3, 19.4 Commercial auto liability.....				0			0	
21. Auto physical damage.....				0			0	
22. Aircraft (all perils).....				0			0	
23. Fidelity.....				0			0	
24. Surety.....				0			0	
26. Burglary and theft.....				0			0	
27. Boiler and machinery.....				0			0	
28. Credit.....				0			0	
29. International.....				0			0	
30. Warranty.....				0			0	
31. Reinsurance - nonproportional assumed property.....	XXX			0			0	
32. Reinsurance - nonproportional assumed liability.....	XXX			0			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
35. TOTALS.....	22,252,508	0	363,255	21,889,253	66,217,187	72,695,251	15,411,189	53.2

DETAILS OF WRITE-INS

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				.0				.0	
2. Allied lines.....				.0				.0	
3. Farmowners multiple peril.....				.0				.0	
4. Homeowners multiple peril.....				.0				.0	
5. Commercial multiple peril.....				.0				.0	
6. Mortgage guaranty.....				.0				.0	
8. Ocean marine.....				.0				.0	
9. Inland marine.....				.0				.0	
10. Financial guaranty.....				.0				.0	
11.1 Medical professional liability - occurrence.....				.0				.0	
11.2 Medical professional liability - claims-made.....				.0				.0	
12. Earthquake.....				.0				.0	
13. Group accident and health.....				.0				(a) .0	
14. Credit accident and health (group and individual).....				.0				.0	
15. Other accident and health.....				.0				(a) .0	
16. Workers' compensation.....	43,192,503		3,180,504	40,011,999	34,740,513		8,535,325	66,217,187	18,109,241
17.1 Other liability - occurrence.....				.0				.0	
17.2 Other liability - claims-made.....				.0				.0	
17.3 Excess workers' compensation.....				.0				.0	
18.1 Products liability - occurrence.....				.0				.0	
18.2 Products liability - claims-made.....				.0				.0	
19.1, 19.2 Private passenger auto liability.....				.0				.0	
19.3, 19.4 Commercial auto liability.....				.0				.0	
21. Auto physical damage.....				.0				.0	
22. Aircraft (all perils).....				.0				.0	
23. Fidelity.....				.0				.0	
24. Surety.....				.0				.0	
26. Burglary and theft.....				.0				.0	
27. Boiler and machinery.....				.0				.0	
28. Credit.....				.0				.0	
29. International.....				.0				.0	
30. Warranty.....				.0				.0	
31. Reinsurance - nonproportional assumed property.....	XXX			.0	XXX			.0	
32. Reinsurance - nonproportional assumed liability.....	XXX			.0	XXX			.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			.0	XXX			.0	
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS.....	43,192,503	.0	3,180,504	40,011,999	34,740,513	.0	8,535,325	66,217,187	18,109,241
DETAILS OF WRITE-INS									
3401. ....				.0				.0	
3402. ....				.0				.0	
3403. ....				.0				.0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	3,425,181			3,425,181
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	(177,624)			(177,624)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	3,602,805	0	0	3,602,805
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		1,933,154		1,933,154
2.2 Reinsurance assumed, excluding contingent.....				0
2.3 Reinsurance ceded, excluding contingent.....		1,320,433		1,320,433
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	612,721	0	612,721
3. Allowances to manager and agents.....				0
4. Advertising.....		682,482		682,482
5. Boards, bureaus and associations.....	11,796	55,152		66,948
6. Surveys and underwriting reports.....	95,686	6,540		102,226
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	725,430	3,156,531	53,903	3,935,864
8.2 Payroll taxes.....	57,901	244,065	4,001	305,967
9. Employee relations and welfare.....	107,275	527,351	9,453	644,079
10. Insurance.....	27,086	154,243		181,329
11. Directors' fees.....		19,855		19,855
12. Travel and travel items.....	13,187	198,528		211,715
13. Rent and rent items.....	80,626	376,832		457,458
14. Equipment.....	6,853	39,021		45,874
15. Cost or depreciation of EDP equipment and software.....	116,674	665,706		782,380
16. Printing and stationery.....	8,655	43,499		52,154
17. Postage, telephone and telegraph, exchange and express.....	24,956	125,164		150,120
18. Legal and auditing.....	30,545	1,164,416	478,367	1,673,328
19. Totals (Lines 3 to 18).....	1,306,670	7,459,385	545,724	9,311,779
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		1,244,503		1,244,503
20.2 Insurance department licenses and fees.....		1,500		1,500
20.3 Gross guaranty association assessments.....				0
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	1,246,003	0	1,246,003
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	0	0	0
25. Total expenses incurred.....	4,909,475	9,318,109	545,724	(a) 14,773,308
26. Less unpaid expenses - current year.....	18,109,241	3,457,006		21,566,247
27. Add unpaid expenses - prior year.....	18,753,234	5,050,856		23,804,090
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	5,553,468	10,911,959	545,724	17,011,151

DETAILS OF WRITE-INS

2401.				0
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	0	0	0

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....468,196	.....319,403
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....10,475,223	.....10,612,188
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....680,816	.....680,455
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).....15,741	.....15,423
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....59,821	.....59,821
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....11,699,797	.....11,687,291
11. Investment expenses.....	.....	(g).....545,724
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....545,724
17. Net investment income (Line 10 minus Line 16).....	.....	.....11,141,567

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 \$.....235,573 accrual of discount less \$.....643,418 amortization of premium and less \$.....283,147 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....57,193	.....	.....57,193	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....18,767	.....	.....18,767	.....30,331	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....273,216	.....(172,457)	.....100,759	.....5,600,427	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....97,272	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....349,176	.....(172,457)	.....176,719	.....5,728,030	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives.....			.0
8. Other invested assets (Schedule BA).....	100,000	100,000	.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets.....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	100,000	100,000	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	8,286	102,743	94,457
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	86,735	135,090	48,355
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....	76,878	115,533	38,655
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	2,019,628	1,111,207	(908,422)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	2,291,527	1,564,573	(726,955)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	2,291,527	1,564,573	(726,955)

DETAILS OF WRITE-INS

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. Deferred Premium Tax Credit.....	1,770,000	880,000	(890,000)
2502. Prepaid Expenses.....	179,706	157,301	(22,405)
2503. Medical Deductible Receivable.....	68,409	73,906	5,496
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,513	.0	(1,513)
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,019,628	1,111,207	(908,422)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies**A. Accounting Practices**

The financial statements of Hawaii Employers' Mutual Insurance Company (HEMIC) are presented on the basis of accounting practices prescribed or permitted by the Insurance Division of the Department of Commerce and Consumer Affairs of the State of Hawaii (Insurance Division).

The Insurance Division recognizes only statutory accounting practices prescribed or permitted by the State of Hawaii for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Hawaii Insurance Code. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP), has been adopted as a component of prescribed or permitted practices by the State of Hawaii.

B. Use of Estimates in the Preparation of the Financial Statements

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

C. Accounting Policies

Premiums are earned ratably over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed based on the actual unexpired premium on each policy as of the end of the reporting period. Earned reinsurance premiums ceded are computed based on the reinsurance contract provisions. Unearned premium reserves are presented net of unearned reinsurance premium reserves.

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

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds generally are stated at amortized cost, except for bonds that are rated by NAIC as a class 3-6 which are reported at the lower of amortized cost or fair market value. Amortization is calculated using the scientific constant yield to worst method.
- (3) Common stocks are stated at fair market value.
- (4) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on actuarially determined factors for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The liability estimates and the factors used to determine them, are reviewed regularly and any adjustments are reflected in the period determined.
- (5) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The company applies the prospective method of valuing loan-backed and asset backed securities.
- (6) 100% owned subsidiaries (HEMIC Insurance Managers, Inc. or HIMI and HEMIC Management Services, LLC. or HMS, LLC) are stated at GAAP equity value.

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

A. Changes in Accounting Principles and/or Correction of Errors

No changes

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

Loan-backed securities are carried at amortized cost or market value based on valuation procedures determined by the NAIC. The Company considers anticipated portfolio prepayments in the carrying value of these securities in accordance with policies adopted by NAIC. Accordingly, the amortized cost for loan-backed and structured securities are periodically adjusted prospectively for such prepayment experience and other revisions for the underlying loan collateral.

The aggregate amount of unrealized losses and related fair value for securities in a continuous unrealized loss position for less than 12 months was \$132,565 and \$5,071,384, respectively. The aggregate amount of unrealized losses and related fair value for securities in a continuous unrealized loss position for 12 months or longer was \$50,588 and \$151,641 respectively.

The evaluation of securities for other-than-temporary impairment involves consideration of (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment for a period of time sufficient to allow for anticipated recovery.

E. Repurchase Agreements

Not applicable.

F. Real Estate

Not applicable.

G. Investments in low-income housing tax credits (LIHTC)

Not applicable.

NOTES TO FINANCIAL STATEMENTS

6. Joint Ventures, Partnerships and Limited Liability Companies

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

7. Investment Income**A. Accrued Investment Income**

The Company nonadmits investment income due and accrued over 90 days past due.

B. Amounts Nonadmitted

None.

8. Derivative Instruments

Not applicable.

9. Income Taxes

Not applicable. In 1999, the Company received an exemption from paying federal income tax under Section 501(a) of the Internal Revenue Code.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**A. Nature of Relationships**

The Company is 100% owner of two subsidiaries: HEMIC Insurance Managers, Inc. and HEMIC Management Services, LLC (Subsidiaries.)

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

Transactions of Subsidiaries did not exceed ½% of the Company's admitted assets.

C. Change in Terms of Intercompany Arrangements

Not applicable.

D. Amounts Due To or From Related Parties

As of December 31:	<u>2010</u>	<u>2009</u>
Due from HIMI	\$ 326,000	\$ 222,000
Due to HMS, LLC	\$ 202,000	\$ 180,000

E. Guarantees or Contingencies for Related Parties

Not applicable.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has agreed to provide administrative services to HIMI and receive management services from HMS, LLC under a cost sharing arrangement.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Subsidiaries are owned by the Company.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

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

Investment in Subsidiaries was not greater than 10% of the Company's admitted assets.

J. Write-down for Impairments of Investments in Affiliates

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable.

L. Downstream Holding Company Valued Using Look-through Method

Not applicable.

11. Debt

The Company has a line of credit for \$1,000,000 bearing interest at the bank's prime rate (4.375% at December 31, 2010) and expiring on November 3, 2011. A standby letter of credit was subsequently issued on this line to the U.S. Department of Labor Office of Workers' Compensation Programs Division of Longshore and Harbor Workers' Compensation in the amount of \$200,000. This letter of credit is automatically renewed without amendment for additional years unless otherwise cancelled and the beneficiary is notified of such election. No amounts were drawn as of December 31, 2010.

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

A. Defined Benefit Plans

Not applicable.

B. Defined Contribution Plans

The Company sponsors a defined contribution plan where eligible employees may contribute up to the limits established by the Internal Revenue Service. The Company matches the employees' contributions up to 6% of the employees' compensation at a rate that is determined at least annually by the Board of Directors. Total plan expenses, primarily contribution matching, amounted to \$240,000 in 2010.

In addition, the Company has an agreement with a key officer to fund a non-qualified, deferred compensation plan annually in the amount of \$25,000. The officer vests as the plan is funded. As of December 31, 2010, the plan liability has been fully funded.

C. Multiemployer Plans

Not applicable.

D. Consolidated/Holding Company Plans

Not applicable.

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 untaken vacation has been accrued.

F. Impact of Medicare of Medicare Modernization Act on Postretirement Benefits

The Company does not sponsor a postretirement health care benefit plan.

NOTES TO FINANCIAL STATEMENTS

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

A. Outstanding Shares

Not applicable. The Company is a domestic mutual insurance company providing workers compensation insurance, exclusively in the State of Hawaii. It is owned and governed by its policyholders (members), Hawaii employers, through an elected board of directors.

B. Dividend Rate of Preferred Stock

Not applicable.

C, D and E. Dividend Restrictions

Organized as a domestic mutual insurer, the Company's Board of Directors may declare and authorize the Company to return premiums to policyholders in the form of dividends, out of the Company's surplus in accordance with the applicable provisions of the law.

The dividend distribution plan adopted by the Board specifies eligibility requirements of policyholders. Eligible policyholders share in the fixed dividend amount, declared by the Board; based on the percentage of their contribution to the total contribution of all eligible policyholders.

F. Mutual Surplus Advances

None.

G. Company Stock Held for Special Purposes

Not applicable.

H. Changes in Special Surplus Funds

Not applicable.

I. Changes in Unassigned Funds

As of December 31, 2010, the portion of unassigned funds (surplus) represented by cumulative unrealized capital gain on investments is \$8,434,650.

J. Surplus Notes

Not applicable.

K. and L. Quasi-Reorganizations

Not applicable.

L. Dividend Payments

The Company made a dividend payment to its policyholders on November 5, 2010 in the amount of \$2,000,000. All dividends were in accordance with applicable provisions of the law.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. Contingent Commitments

The Company has no commitments or contingent commitments to affiliates or other entities. The Company has made no guarantees on behalf of affiliates.

B. Guaranty Fund and Other Assessments

The Company was exempt from participating in the Hawaii Insurance Guaranty Association (HIGA), a nonprofit entity formed pursuant to HRS Section 431:16, through December 31, 2007. HIGA is obligated to claims of insolvent insurance companies licensed to conduct business in the State of Hawaii. Members of HIGA are assessed fees up to 2% of net direct written premiums for the preceding calendar year. Effective January 1, 2008, the Company became a member of the HIGA. There were no assessments for 2010 and 2009; therefore no liability was recorded in the financial statements.

The Company also was exempt from assessments by the Hawaii Hurricane Relief Fund (HHRF) up to the first \$25,000,000 of written premiums in each calendar year. HHRF is a state agency formed pursuant to HRS Section 431-P and placed within the Department of Commerce and Consumer Affairs of the State of Hawaii. HHRF is responsible for monitoring the availability of property insurance, including insurance for covered events, in the State of Hawaii. HHRF is authorized to annually assess an amount equal to 3.75% of the insurer's gross direct written premiums for property and casualty insurance, excluding gross direct written premiums for motor vehicle, inland marine, accident and health, and flood insurance, in the State of Hawaii for the preceding calendar year. On November 9, 2000, the HHRF Board of Directors suspended premium assessments effective from the fourth quarter of 2001, and all subsequent quarters until further notice. Effective January 1, 2008, the Company became subject to assessment by the HHRF. As of December 31, 2010, the HHRF has not modified its position on this assessment; therefore the Company has not recorded the assessment in its financial statements.

In June 1999, the State of Hawaii Legislature passed an act to exempt the Company from contributing a percentage of written premiums, up to \$25,000,000 annually, to the Workers' Compensation Special Compensation Fund. The exemption applied to calendar year premium written retroactively from the Company's inception up through December 31, 2007.

In August 2007, the Company was notified by the Department of Labor and Industrial Relations (DLIR) that the \$25,000,000 exemption for determination of the Workers' Compensation Special Compensation Fund assessment, did not apply to 2007 calendar year premiums. In 2008, the Company requested and received a ruling from the DLIR Disability Compensation Division which supported the 2007 notification from DLIR. The Company accrued the additional assessment of \$750,000 in its 2007 financial statements and resolved the matter with DLIR at \$435,000 in October 2010. In 2010 and 2009, the Company incurred net assessments of approximately \$1,239,000 and \$2,684,000, respectively.

C. Gain Contingencies

Not applicable.

D. Extra Contractual Obligation and Bad Faith Losses

Not applicable.

E. Other Contingencies and Write-down for Impairments

Various lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

NOTES TO FINANCIAL STATEMENTS

15. Leases

A. Lessee Operating Lease

(1) The Company leases office facilities and equipment under various non-cancelable operating leases that expire November 30, 2011 and September 30, 2014, respectively. Rent expense for the year ended December 31, 2010, was \$546,000 for office facilities and \$15,600 for equipment. Rent expense for the year ended December 31, 2009, was \$561,000 for office facilities and \$12,700 for equipment.

(2) Future minimum rental payments of non-cancelable operating leases are as follows:

Year	Office Facilities	Equipment	Total
2011	251,000	14,200	265,200
2012	-	14,200	14,200
2013	-	14,200	14,200
2014	-	10,700	10,700
Total	\$251,000	\$53,300	\$304,300

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

B. Lessor Leases

Not applicable.

C. Leveraged Leases

Not applicable.

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

A. Face or Contract Amounts

Not applicable.

B. Nature and Terms

Not applicable.

C. Exposure to Credit-Related Losses

Not applicable.

D. Collateral Policy

Not applicable.

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

A. Transfer of Receivables Reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not applicable.

C. Wash Sales

There were no wash sale transactions of securities with NAIC Designation 3 or below.

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity 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 Contract

Not applicable.

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

Not applicable.

20. Fair Value Measurements

The Company's assets carried at fair value have been classified, for disclosure purposes, based on SSAP No. 100, Fair Value Measurements. The following are the levels of the hierarchy and a brief description of the type of valuation inputs that are used to establish each level:

Pricing Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets that our pricing sources have the ability to access. Since the valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant amount or degree of judgment.

Pricing Level 2 - Valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.

Pricing Level 3 – Valuations that are derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are non binding.

The following table presents assets measured at fair value on a recurring basis as of December 31,

Fair Value Measurements at Reporting Date Using:

	Level 1	Level 2	Level 3	Total
Common Stock	\$ 39,818,991	\$ -	\$ -	\$ 39,818,991
Total Assets at Fair Value	\$ 39,818,991	\$ -	\$ -	\$ 39,818,991

Inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. The Company determines the level in which the fair value falls based upon the lowest level input that is significant to the determination of fair value.

21. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

Not applicable.

NOTES TO FINANCIAL STATEMENTS

21. Other Items (continued)

D. Uncollectible Premiums Receivable

At December 31, 2010 and 2009, the Company had admitted assets of \$9,857,426 and \$10,394,683, respectively in premiums receivables due from policyholders. The Company routinely assesses the collectability of these receivables. Based on the Company's experience and review of receivable balances as of December 31, 2010, in addition to the \$95,121 the Company non-admitted, an allowance for uncollectible premiums of \$1,200,000 was recognized.

E. Business Interruption Insurance Recoveries

Not applicable.

F. State Transfer Tax Credits

The Company has \$1,770,000 in nonadmitted assets for deferred Hawaii State tax credits resulting from investments in qualified high technology businesses. These investments generate tax credits which can be applied against premium taxes incurred by the Company. As of December 31, 2010, approximately \$3,600,000 in tax credits is available to offset future premium taxes incurred.

G. Subprime Mortgage Related Risk Exposure

(1-3) Subprime Mortgage and Direct Exposures

The Company does not engage in subprime residential mortgage lending. The Company's exposure to subprime lending is limited to investments within the fixed maturity investment portfolio which contains securities collateralized by mortgages that have characteristics of subprime lending such as adjustable rate mortgages and alternative documentation mortgages. These investments are in the form of asset-backed securities collateralized by subprime mortgages and collateralized mortgage obligations backed by alternative documentation mortgages. The total carrying value of these investments comprises of 0.3% of the Company's total fixed maturity portfolio as of December 31, 2010, as presented in the following table.

	Amortized Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
Subprime	<u>\$602,940</u>	<u>\$552,352</u>	<u>\$557,368</u>	<u>\$ -</u>
Total	<u>\$602,940</u>	<u>\$552,352</u>	<u>\$557,368</u>	<u>\$ -</u>

(4) Underwriting Exposure

Not applicable.

22. Events Subsequent

Subsequent events have been considered through March 1, 2011, the date of filing for these statutory financial statements. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

NOTES TO FINANCIAL STATEMENTS**23. Reinsurance****A. Unsecured Reinsurance Recoverables**

There is no recoverable for losses and loss adjustment expenses paid and unpaid including IBNR and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's surplus (\$4,990,173).

B. Reinsurance Recoveries in Dispute

The Company does not have any reinsurance recoveries in dispute.

C. Reinsurance Assumed and Ceded

(1) The following summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2010.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. All Others	-	-	-	-	-	-
c. Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
d. Direct unearned premium reserves: \$13,707,638						

(2) The Company has no additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements.

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

D. Uncollectible Reinsurance

There was no write-off of reinsurance balances in 2010.

E. Commutation of Ceded Reinsurance

The Company recognized \$978,955 in other income from the commutation of the \$3,000,000 excess of \$2,000,000 layer of its per occurrence excess of loss reinsurance coverage applicable to calendar year 2006.

Reinsurer	Amount
Swiss Reinsurance America Corporation	\$ 244,739
Hannover	244,739
Odyssey America Reinsurance Corporation	244,739
Aspen Insurance UK Limited	97,895
Lloyd's Syndicate #2987, Brit Syndicates	97,895
Lloyd's Syndicate #4472, Liberty	48,948
	\$978,955

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance (continued)

F. Retroactive Reinsurance

Not applicable.

G. Reinsurance Accounted for as a Deposit

No reinsurance agreements have been accounted for as deposits.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable.

25. Change in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by \$8,064,000 during 2010 as shown in the table below. The decrease is generally the result of ongoing analysis of recent loss development trends and actuarial estimations. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Unpaid Losses and LAE at Beginning of Year	\$91,447,000
Losses and LAE Incurred:	
Current Year	28,384,000
Prior Year	<u>(8,064,000)</u>
Total Incurred	<u>20,320,000</u>
Losses and LAE paid:	
Current Year	5,491,000
Prior Year	<u>21,950,000</u>
Total Paid	<u>27,441,000</u>
Unpaid Losses and LAE at End of Year	<u>\$84,326,000</u>

The Company does not write retrospectively rated policies.

26. Intercompany Pooling Arrangements

Not applicable.

27. Structured Settlements

The Company does not have any structured settlements.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

Not applicable.

31. High Deductibles

The Company does not issue high deductible policies.

NOTES TO FINANCIAL STATEMENTS

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

The company has not discounted any of its liabilities for unpaid losses or loss adjustment expenses.

33. Asbestos and Environmental Reserves

There has been no material claims reported relating to the exposure to asbestos and/or other environmental exposures. The Company has only been writing business since 1997, by which time these hazards were better understood.

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

- 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 [X] No []
- 2.2 If yes, date of change: 06/05/2010

- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/08/2009

- 3.4 By what department or departments? State of Hawaii, Insurance Division, Department of Commerce & Consumer Affairs
- 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 [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]

- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

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

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KMH, LLP
1003 Bishop Street, Pauahi Tower, Suite 2400, Honolulu, HI 96813

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [X] No []
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:
Relief from the audit partner rotation requirement was approved by the State of Hawaii, Department of Commerce & Consumer Affairs, Insurance Division for two years, beginning in 2010.
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No []
- 10.8 If the answer to 10.7 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Milliman, Inc., Guy Avagliano, FCAS, MAAA
650 California Street, 17th Floor, San Francisco, California 94108
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 12.11 Name of real estate holding company

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

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

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

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

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

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others
- 20.22 Borrowed from others
- 20.23 Leased from others
- 20.24 Other
- 21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment
- 21.22 Amount paid as expenses
- 21.23 Other amounts paid
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 23.3)? Yes [X] No []
- 23.2 If no, give full and complete information relating thereto.
-
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
-
- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs.
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs.
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes [X] No []
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- 24.21 Subject to repurchase agreements \$.....0
- 24.22 Subject to reverse repurchase agreements \$.....0
- 24.23 Subject to dollar repurchase agreements \$.....0
- 24.24 Subject to reverse dollar repurchase agreements \$.....0
- 24.25 Pledged as collateral \$.....0
- 24.26 Placed under option agreements \$.....0
- 24.27 Letter stock or securities restricted as to sale \$.....0
- 24.28 On deposit with state or other regulatory body \$.....1,703,636
- 24.29 Other \$.....0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
First Hawaiian Bank Trust & Investments	P.O. Box 3708, Honolulu, HI 96811-3708
Schwab Institutional	101 Montgomery Street, San Francisco, CA 94104

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
107423	Conning Asset Management	One Financial Plaza, CT 06103-2627
132659	Charles Schwab & Company Inc. Phoenix Operations Center	P.O. Box 52114, Phoenix AZ 85012

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
464287	ISHARES MSCI EAFE INDEX FUND	1,329,570
464287	ISHARES RUSSELL 2000	5,353,728
78467Y	SPDR S&P MIDCAP 400 ETF	8,612,764
28.2999. TOTAL		15,296,063

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds.....	210,619,426	222,677,384	12,057,958
29.2 Preferred stocks.....			0
29.3 Totals.....	210,619,426	222,677,384	12,057,958

29.4 Describe the sources or methods utilized in determining the fair values:
Fair values obtained from NAIC AVS system.

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

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

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

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

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....95,357

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

1 Name	2 Amount Paid
National Council of Compensation Insurers (NCCI)	95,357

33.1 Amount of payments for legal expenses, if any? \$.....575,586

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

1 Name	2 Amount Paid
Torklikson, Katz, Moore, Hetherington & Harris	391,369

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....15,707

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

1 Name	2 Amount Paid
The Advocates	15,707

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....28,969,645	\$.....37,323,480
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....98,034,066	\$.....106,335,196
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

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

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [] No [X]
- 4.2 Does the reporting entity issue non-assessable policies? Yes [X] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [] No []
- 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]
 5.22 As a direct expense of the exchange Yes [] No [] N/A [X]
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 5.5 If yes, give full information:

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
The Company purchases per occurrence excess loss reinsurance with a \$70 million per occurrence limit.

- 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:
Not applicable. The Company only writes workers' compensation coverage.

- 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?
Not applicable. The Company only writes workers' compensation coverage.

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:
Not applicable. The Company only writes workers' compensation coverage.

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]

- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes No
- 8.2 If yes, give full information:
Per occurrence excess of loss reinsurance \$3 million excess of \$2 million layer for accident year 2007 was commuted on 1/1/10.
-
- 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 control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract? Yes No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 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 reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes No
- 11.2 If yes, give full information:

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses \$.....0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No 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 To12.0 %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of credit \$.....0
 12.62 Collateral and other funds \$.....0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....0
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 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.0

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

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

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

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financial premium accounts? Yes [] No [X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

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

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
- 17.12 Unfunded portion of Interrogatory 17.11
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11
- 17.14 Case reserves portion of Interrogatory 17.11
- 17.15 Incurred but not reported portion of Interrogatory 17.11
- 17.16 Unearned premium portion of Interrogatory 17.11
- 17.17 Contingent commission portion of Interrogatory 17.11

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

- 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
- 17.19 Unfunded portion of Interrogatory 17.18
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18
- 17.21 Case reserves portion of Interrogatory 17.18
- 17.22 Incurred but not reported portion of Interrogatory 17.18
- 17.23 Unearned premium portion of Interrogatory 17.18
- 17.24 Contingent commission portion of Interrogatory 17.18

18.1 Do you act as a custodian for health savings account? Yes [] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date.

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

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

	1 2010	2 2009	3 2008	4 2007	5 2006
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	31,672,753	37,215,520	53,124,589	69,973,166	87,441,998
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	31,672,753	37,215,520	53,124,589	69,973,166	87,441,998
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).....	27,789,127	32,058,498	44,695,392	59,372,613	73,894,203
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	27,789,127	32,058,498	44,695,392	59,372,613	73,894,203
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(669,128)	958,035	18,130,049	18,974,869	42,928,618
14. Net investment gain (loss) (Line 11).....	11,318,286	9,732,878	5,715,914	10,520,975	8,402,471
15. Total other income (Line 15).....	12,128	255,613	258,545	(1,168,754)	(1,142,883)
16. Dividends to policyholders (Line 17).....	2,000,000	3,249,908	4,998,864	5,000,040	
17. Federal and foreign income taxes incurred (Line 19).....					
18. Net income (Line 20).....	8,661,286	7,696,618	19,105,644	23,327,050	50,188,206
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	268,911,612	265,560,096	257,386,664	260,257,241	238,922,402
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	1,468,365	2,103,169	3,930,798	3,031,474	8,530,249
20.2 Deferred and not yet due (Line 15.2).....	8,389,060	8,291,514	11,860,325	17,896,924	15,501,852
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	102,572,489	112,883,334	121,347,954	133,831,243	135,587,569
22. Losses (Page 3, Line 1).....	66,217,187	72,693,806	72,678,695	73,853,691	72,772,680
23. Loss adjustment expenses (Page 3, Line 3).....	18,109,241	18,753,234	21,966,272	25,942,614	22,027,971
24. Unearned premiums (Page 3, Line 9).....	13,707,638	14,888,156	20,153,138	26,018,072	31,189,468
25. Capital paid up (Page 3, Lines 30 & 31).....					
26. Surplus as regards policyholders (Page 3, Line 37).....	166,339,123	152,676,762	136,038,710	126,425,998	103,334,833
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	117,003	6,986,787	18,675,673	25,109,745	42,882,501
Risk-Based Capital Analysis					
28. Total adjusted capital.....	166,339,123	152,676,762	136,038,710	126,425,998	103,334,833
29. Authorized control level risk-based capital.....	5,580,801	5,263,380	3,999,967	5,112,251	4,901,330
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	81.6	83.4	86.4	82.7	84.1
31. Stocks (Lines 2.1 & 2.2).....	15.6	13.6	9.2	11.9	13.5
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	0.9				
34. Cash, cash equivalents and short-term investments (Line 5).....	1.3	2.5	3.5	5.4	2.4
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....		XXX	XXX	XXX	XXX
37. Other invested assets (Line 8).....	0.6	0.5	0.8		
38. Receivable for securities (Line 9).....	0.1				
39. Securities lending reinvested collateral assets (Line 10).....		XXX	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....			155,770		1,000
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....	100,000	100,000			
48. Total of above lines 42 to 47.....	100,000	100,000	155,770	0	1,000
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.1	0.1	0.1		0.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2010	2009	2008	2007	2006
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	5,728,030	7,556,821	(9,181,310)	(283,508)	2,153,443
51. Dividends to stockholders (Line 35).....					
52. Change in surplus as regards policyholders for the year (Line 38).....	13,662,361	16,638,052	9,612,712	23,091,166	51,910,892
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	22,252,508	21,767,834	19,126,105	20,485,880	18,815,685
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
58. Total (Line 35).....	22,252,508	21,767,834	19,126,105	20,485,880	18,815,685
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	21,889,253	21,503,445	18,886,038	20,148,933	17,195,120
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....					
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
64. Total (Line 35).....	21,889,253	21,503,445	18,886,038	20,148,933	17,195,120
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	53.2	57.7	35.0	32.9	20.6
67. Loss expenses incurred (Line 3).....	16.9	9.0	7.8	18.0	4.7
68. Other underwriting expenses incurred (Line 4).....	32.2	30.8	21.3	19.7	17.6
69. Net underwriting gain (loss) (Line 8).....	(2.3)	2.6	35.9	29.4	57.0
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	33.5	35.0	23.5	23.4	19.5
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	70.1	66.7	42.9	50.9	25.3
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	16.7	21.0	32.9	47.0	71.5
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(5,586)	(10,571)	(20,630)	(19,025)	(26,652)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	(3.7)	(7.8)	(16.3)	(18.4)	(51.8)
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(15,146)	(26,072)	(30,815)	(36,356)	(21,399)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(11.1)	(20.6)	(29.8)	(70.7)	(84.9)

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

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported-Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	22	5	3		3			23	XXX
2. 2001.....	31,491	5,231	26,260	13,352	635	3,563	144	1,049		235	17,185	XXX
3. 2002.....	47,399	6,695	40,704	18,127		4,323		1,383		365	23,833	XXX
4. 2003.....	71,205	10,240	60,965	25,317	2,036	6,134	310	1,786		612	30,891	XXX
5. 2004.....	86,116	14,420	71,696	20,217		5,679		1,906		611	27,802	XXX
6. 2005.....	87,849	11,592	76,257	18,268		5,495		1,948		701	25,711	XXX
7. 2006.....	88,802	13,548	75,254	18,135		4,780		2,199		329	25,114	XXX
8. 2007.....	75,145	10,601	64,544	22,591		4,967		2,704		141	30,262	XXX
9. 2008.....	58,990	8,429	50,561	16,099		2,490		2,909		39	21,498	XXX
10. 2009.....	42,481	5,157	37,324	11,006		1,964		2,294		6	15,264	XXX
11. 2010.....	32,853	3,884	28,969	3,391		504		1,596			5,491	XXX
12. Totals.....	XXX	XXX	XXX	166,525	2,676	39,902	454	19,777	0	3,039	223,074	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	543	221	1,472	1,038	106	41	335	270	30			916	XXX
2. 2001.....	115	94	533	321	64	58	315	128	54			480	XXX
3. 2002.....	365		409	80	77		102	30	54			897	XXX
4. 2003.....	2,108	1,670	2,175	764	252	114	239	162	96			2,160	XXX
5. 2004.....	1,600	367	1,083	513	295	24	246	104	168			2,384	XXX
6. 2005.....	2,554	340	1,478	820	369	38	250	122	204			3,535	XXX
7. 2006.....	3,232	451	1,933	1,130	589	26	421	165	343			4,746	XXX
8. 2007.....	6,972	38	3,658	1,369	957	3	856	218	673			11,488	XXX
9. 2008.....	7,611		4,789	990	1,007		1,165	135	902			14,349	XXX
10. 2009.....	10,007		7,287	702	1,195		1,171	100	1,622			20,480	XXX
11. 2010.....	8,086		9,923	808	1,592		2,028	115	2,187			22,893	XXX
12. Totals.....	43,193	3,181	34,740	8,535	6,503	304	7,128	1,549	6,333	0	0	84,328	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	756	160
2. 2001.	19,045	1,380	17,665	60.5	26.4	67.3				233	247
3. 2002.	24,840	110	24,730	52.4	1.6	60.8				694	203
4. 2003.	38,107	5,056	33,051	53.5	49.4	54.2				1,849	311
5. 2004.	31,194	1,008	30,186	36.2	7.0	42.1				1,803	581
6. 2005.	30,566	1,320	29,246	34.8	11.4	38.4				2,872	663
7. 2006.	31,632	1,772	29,860	35.6	13.1	39.7				3,584	1,162
8. 2007.	43,378	1,628	41,750	57.7	15.4	64.7				9,223	2,265
9. 2008.	36,972	1,125	35,847	62.7	13.3	70.9				11,410	2,939
10. 2009.	36,546	802	35,744	86.0	15.6	95.8				16,592	3,888
11. 2010.	29,307	923	28,384	89.2	23.8	98.0				17,201	5,692
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	66,217	18,111

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	One Year	Two Year
1. Prior.....	3,569	6,685	6,790	7,978	8,538	8,383	8,033	6,981	5,927	5,879	(48)	(1,102)
2. 2001.....	17,461	16,582	16,630	17,603	17,701	17,240	17,181	16,961	16,572	16,562	(10)	(399)
3. 2002.....	XXX	27,628	25,932	25,969	25,850	25,202	24,610	23,730	23,311	23,293	(18)	(437)
4. 2003.....	XXX	XXX	42,002	39,106	35,900	34,450	34,019	31,780	31,255	31,169	(86)	(611)
5. 2004.....	XXX	XXX	XXX	49,959	41,297	33,940	30,350	28,852	28,200	28,112	(88)	(740)
6. 2005.....	XXX	XXX	XXX	XXX	50,633	34,051	29,370	27,819	27,269	27,094	(175)	(725)
7. 2006.....	XXX	XXX	XXX	XXX	XXX	43,151	33,829	29,479	28,297	27,318	(979)	(2,161)
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	49,112	40,272	39,601	38,373	(1,228)	(1,899)
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	39,108	33,979	32,036	(1,943)	(7,072)
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	32,839	31,828	(1,011)	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,601	XXX	XXX
12. Totals.....											(5,586)	(15,146)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
1. Prior.....	.000	2,586	2,563	3,649	4,358	4,543	4,685	4,794	4,973	4,993	XXX	XXX
2. 2001.....	3,203	8,214	11,964	14,150	15,166	15,544	15,866	15,921	16,121	16,136	XXX	XXX
3. 2002.....	XXX	4,361	12,719	17,701	20,452	21,374	22,058	22,239	22,343	22,450	XXX	XXX
4. 2003.....	XXX	XXX	6,152	17,500	23,822	25,370	27,008	27,863	28,331	29,105	XXX	XXX
5. 2004.....	XXX	XXX	XXX	6,964	16,716	21,574	24,103	24,888	25,440	25,896	XXX	XXX
6. 2005.....	XXX	XXX	XXX	XXX	5,921	14,699	19,501	21,555	22,841	23,763	XXX	XXX
7. 2006.....	XXX	XXX	XXX	XXX	XXX	5,750	13,973	18,898	21,681	22,915	XXX	XXX
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	7,101	17,003	23,504	27,558	XXX	XXX
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,931	13,230	18,589	XXX	XXX
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,992	12,970	XXX	XXX
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,895	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Prior.....	694	1,984	1,656	2,530	3,399	2,975	2,545	1,479	549	499
2. 2001.....	9,419	3,409	1,554	1,722	1,892	1,372	1,156	844	367	399
3. 2002.....	XXX	15,833	6,263	4,222	3,538	2,386	1,861	999	520	401
4. 2003.....	XXX	XXX	26,430	14,493	6,578	5,286	4,701	2,263	1,695	1,488
5. 2004.....	XXX	XXX	XXX	34,223	17,022	7,686	3,189	1,898	924	712
6. 2005.....	XXX	XXX	XXX	XXX	36,916	13,307	5,119	2,325	1,184	786
7. 2006.....	XXX	XXX	XXX	XXX	XXX	28,176	12,081	4,133	2,208	1,059
8. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	25,848	10,208	5,612	2,927
9. 2008.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	22,651	9,306	4,829
10. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,733	7,656
11. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,028

Hawaii Employers' Mutual Insurance Company, Inc. SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	.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	.L	31,672,753	32,853,271	2,000,000	22,252,508	12,237,546	77,932,514	43,171	
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	.N								
55. US Virgin Islands.....VI	.N								
56. Northern Mariana Islands.....MP	.N								
57. Canada.....CN	.N								
58. Aggregate Other Alien.....OT	.XXX	0	0	0	0	0	0	0	0
59. Totals.....(a)	.1	31,672,753	32,853,271	2,000,000	22,252,508	12,237,546	77,932,514	43,171	0

DETAILS OF WRITE-INS

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

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

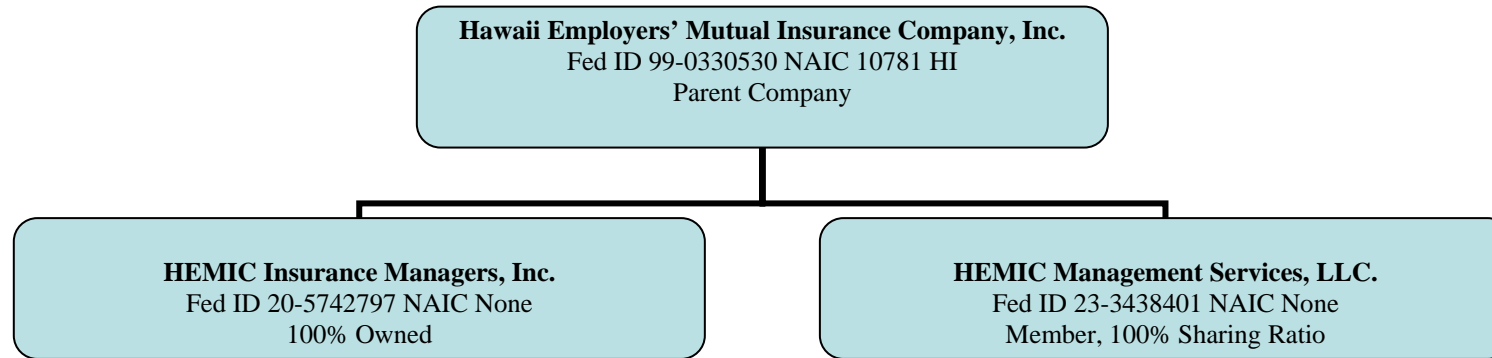
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

Not applicable. The Company only writes workers' compensation in the state of Hawaii.

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

PART 1 – ORGANIZATIONAL CHART



2010 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

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