



QUARTERLY STATEMENT

AS OF MARCH 31, 2011  
OF THE CONDITION AND AFFAIRS OF THE

CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

NAIC Group Code	0244	0244	NAIC Company Code	13037	Employer's ID Number	65-1316588
	(Current Period)	(Prior Period)				
Organized under the Laws of	Delaware		State of Domicile or Port of Entry	Delaware		
Country of Domicile	United States					
Incorporated/Organized	08/13/2007		Commenced Business	11/02/2007		
Statutory Home Office	Brandywine Village, 1807 North Market St		Wilmington, DE 19802-4810			
	(Street and Number)		(City or Town, State and Zip Code)			
Main Administrative Office	6200 South Gilmore Rd		Fairfield, OH 45014-5141		513-870-2000	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	P.O. Box 145496		Cincinnati, OH 45250-5496			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	6200 South Gilmore Rd		Fairfield, OH 45014-5141		513-870-2000-5187	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.cinfin.com					
Statutory Statement Contact	Christy Scherpenberg		513-870-2000-5187			
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OFFICERS

Name	Title	Name	Title
STEVEN JUSTUS JOHNSTON	CHIEF FINANCIAL OFFICER, SECRETARY, TREASURER	KENNETH WILLIAM STECHER	CHIEF EXECUTIVE OFFICER, PRESIDENT

OTHER OFFICERS

DAWN SHANNON CHAPEL	ASSISTANT SECRETARY	DONALD JOSEPH DOYLE JR	SENIOR VICE PRESIDENT
SCOTT EDWARD HINTZE	SECRETARY	MARTIN FRANCIS HOLLENBECK	SENIOR VICE PRESIDENT
JOHN SCOTT KELLINGTON	SENIOR VICE PRESIDENT	MICHAEL THOMAS LUEBBE	ASSISTANT SECRETARY
MARC JON SCHAMBOW	SECRETARY		

DIRECTORS OR TRUSTEES

WILLIAM FORREST BAHL	GREGORY THOMAS BIER	DONALD JOSEPH DOYLE JR	MARTIN FRANCIS HOLLENBECK
STEVEN JUSTUS JOHNSTON	THOMAS ANTHONY JOSEPH	WILLIAM RODNEY MCMULLEN	MARTIN JOSEPH MULLEN
JACOB FERDINAND SCHERER	JOHN JEFFERSON SCHIFF JR	THOMAS REID SCHIFF	KENNETH WILLIAM STECHER
	CHARLES PHILIP STONEBURNER II		
JOHN FREDERICK STEELE JR		TIMOTHY LEE TIMMEL	LARRY RUSSEL WEBB
EARNEST ANTHONY WOODS			

State of .....OHIO.....  
County of .....BUTLER.....

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.

STEVEN J. JOHNSTON CHIEF EXECUTIVE OFFICER, PRESIDENT	DONALD J. DOYLE JR. SENIOR VICE PRESIDENT	SCOTT E. HINTZE SECRETARY
Subscribed and sworn to before me this 3 day of May, 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 Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	225,771,249		225,771,249	212,110,694
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....	30,028,020		30,028,020	33,308,988
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ .....8,453,752 ), cash equivalents (\$ ..... ) and short-term investments (\$ ..... ) .....	8,453,752		8,453,752	10,378,957
6. Contract loans (including \$ ..... premium notes)				
7. Derivatives .....				
8. Other invested assets .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	264,253,020		264,253,020	255,798,639
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	3,155,083		3,155,083	3,039,581
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	89,670		89,670	76,148
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	221,497		221,497	
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	193,264		193,264	
18.2 Net deferred tax asset .....	4,419,873	4,419,873		
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	5,459,103		5,459,103	4,450,090
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	126,572		126,572	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	277,918,082	4,419,873	273,498,209	263,364,458
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	277,918,082	4,419,873	273,498,209	263,364,458
DETAILS OF WRITE-INS				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) .....				
2501. Miscellaneous Receivables .....	126,572		126,572	
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) .....	126,572		126,572	

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ .....9,746,817 ) .....	45,136,950	37,756,682
2. Reinsurance payable on paid losses and loss adjustment expenses .....		
3. Loss adjustment expenses .....	20,073,001	17,017,000
4. Commissions payable, contingent commissions and other similar charges .....	501,189	1,513,000
5. Other expenses (excluding taxes, licenses and fees) .....	(358,516)	(192,842)
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	6,550	26,000
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....		2,243,771
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ .....2,716,092 and including warranty reserves of \$ ..... ) .....	33,126,179	30,582,895
10. Advance premium .....		
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	396,315	668,778
13. Funds held by company under reinsurance treaties .....		
14. Amounts withheld or retained by company for account of others .....		
15. Remittances and items not allocated .....		
16. Provision for reinsurance .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	3,570,280	2,054,316
20. Derivatives .....		
21. Payable for securities .....		
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....		
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	102,451,947	91,669,602
27. Protected cell liabilities .....		
28. Total liabilities (Lines 26 and 27) .....	102,451,947	91,669,602
29. Aggregate write-ins for special surplus funds .....		
30. Common capital stock .....	5,250,000	5,250,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	194,750,000	194,750,000
35. Unassigned funds (surplus) .....	(28,953,738)	(28,305,144)
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... ) .....		
36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) .....	171,046,262	171,694,856
38. Totals (Page 2, Line 28, Col. 3)	273,498,209	263,364,458
DETAILS OF WRITE-INS		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	to Date	December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ .....18,700,853 ) .....	16,716,033	10,938,086	53,423,049
1.2 Assumed (written \$ ..... ) .....			
1.3 Ceded (written \$ .....1,015,384 ) .....	1,573,848	(47,625)	4,123,666
1.4 Net (written \$ .....17,685,469 ) .....	15,142,185	10,985,711	49,299,383
DEDUCTIONS:			
2. Losses incurred (current accident year \$ .....11,326,898 ):			
2.1 Direct .....	11,734,877	7,211,690	29,874,340
2.2 Assumed .....			
2.3 Ceded .....	(11,018)	28,000	1,235,018
2.4 Net .....	11,745,895	7,183,690	28,639,323
3. Loss adjustment expenses incurred .....	3,805,243	2,861,749	12,621,940
4. Other underwriting expenses incurred .....	4,890,068	4,625,171	20,420,153
5. Aggregate write-ins for underwriting deductions .....			
6. Total underwriting deductions (Lines 2 through 5) .....	20,441,206	14,670,610	61,681,416
7. Net income of protected cells .....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7) .....	(5,299,021)	(3,684,899)	(12,382,033)
INVESTMENT INCOME			
9. Net investment income earned .....	2,901,653	2,545,291	10,561,049
10. Net realized capital gains (losses) less capital gains tax of \$ .....445,218 .....	826,833	1,367,544	1,376,449
11. Net investment gain (loss) (Lines 9 + 10) .....	3,728,486	3,912,836	11,937,498
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... ) .....			
13. Finance and service charges not included in premiums .....			
14. Aggregate write-ins for miscellaneous income .....			
15. Total other income (Lines 12 through 14) .....			
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	(1,570,535)	227,937	(444,534)
17. Dividends to policyholders .....			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	(1,570,535)	227,937	(444,534)
19. Federal and foreign income taxes incurred .....	(638,253)	(1,278,828)	(1,097,393)
20. Net income (Line 18 minus Line 19)(to Line 22) .....	(932,282)	1,506,765	652,859
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year .....	171,694,856	167,901,900	167,901,900
22. Net income (from Line 20) .....	(932,282)	1,506,765	652,859
23. Net transfers (to) from Protected Cell accounts .....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....99,291 .....	184,397	729,834	2,041,063
25. Change in net unrealized foreign exchange capital gain (loss) .....			
26. Change in net deferred income tax .....	625,455	(498,630)	1,123,581
27. Change in nonadmitted assets .....	(526,164)	891,618	(24,547)
28. Change in provision for reinsurance .....			
29. Change in surplus notes .....			
30. Surplus (contributed to) withdrawn from protected cells .....			
31. Cumulative effect of changes in accounting principles .....			
32. Capital changes:			
32.1 Paid in .....			
32.2 Transferred from surplus (Stock Dividend) .....			
32.3 Transferred to surplus .....			
33. Surplus adjustments:			
33.1 Paid in .....			
33.2 Transferred to capital (Stock Dividend) .....			
33.3 Transferred from capital .....			
34. Net remittances from or (to) Home Office .....			
35. Dividends to stockholders .....			
36. Change in treasury stock .....			
37. Aggregate write-ins for gains and losses in surplus .....			
38. Change in surplus as regards policyholders (Lines 22 through 37) .....	(648,594)	2,629,587	3,792,956
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) .....	171,046,262	170,531,487	171,694,856
DETAILS OF WRITE-INS			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....			
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
3701. ....			
3702. ....			
3703. ....			
3798. Summary of remaining write-ins for Line 37 from overflow page .....			
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above) .....			

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	17,399,485	11,896,108	58,310,149
2. Net investment income .....	2,812,133	2,752,975	10,614,440
3. Miscellaneous income .....			
4. Total (Lines 1 to 3) .....	20,211,617	14,649,083	68,924,589
5. Benefit and loss related payments .....	5,336,366	1,114,134	8,463,632
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	6,089,978	5,261,079	20,319,354
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$ .....1,504,377 tax on capital gains (losses).....	2,244,000	995,000	(1,605,243)
10. Total (Lines 5 through 9) .....	13,670,344	7,370,213	27,177,744
11. Net cash from operations (Line 4 minus Line 10) .....	6,541,274	7,278,870	41,746,845
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	4,136,650	4,936,250	10,936,250
12.2 Stocks .....	6,024,800		120,966
12.3 Mortgage loans .....			
12.4 Real estate .....			
12.5 Other invested assets .....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....			
12.7 Miscellaneous proceeds .....			
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	10,161,450	4,936,250	11,057,216
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	17,678,764	2,725,585	31,506,705
13.2 Stocks .....	1,329,543	20,921,118	30,276,158
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....			
13.6 Miscellaneous applications .....		1,850,000	
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	19,008,307	25,496,703	61,782,863
14. Net increase (or decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(8,846,857)	(20,560,453)	(50,725,647)
<b>Cash from Financing and Miscellaneous Sources</b>			
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).....	380,378	(203,375)	(725,407)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	380,378	(203,375)	(725,407)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,925,205)	(13,484,958)	(9,704,209)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	10,378,957	20,083,166	20,083,166
19.2 End of period (Line 18 plus Line 19.1) .....	8,453,752	6,598,208	10,378,957

STATEMENT AS OF MARCH 31, 2011 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

The financial statements of the Cincinnati Specialty Underwriters Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance. The Delaware Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Delaware for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Delaware Insurance Law. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001 and updates through current year have been adopted as a component of prescribed or permitted practices by the state of Delaware.

B. No Change

C. No Change
2. Accounting Changes and Correction of Errors - No Change
3. Business Combinations and Goodwill - No Change
4. Discontinued Operations – None
5. Investments
- A. Mortgage Loans - No Change

B. Debt Restructuring - No Change

C. Reverse Mortgages - No Change

D. Loan-Backed Securities - Not Applicable

E. Repurchase Agreements - No Change

F. Real Estate - No Change

G. Low-income Housing Tax Credit (LIHTC) - No Change
6. Joint Ventures, Partnerships and Limited Liability Companies - No Change
7. Investment Income - No Change
8. Derivative Instruments - No Change
9. Income Taxes

A.he components of the net deferred tax asset/(liability) are as follows:  
(1)

Description	Ordinary	2011 Capital	Total	Ordinary	2010 Capital	Total
Gross deferred tax assets	5,533,146	96,717	5,629,863	4,890,675	110,941	5,001,616
Statutory valuation allowance	0	0	0	-	-	-
Adjusted gross deferred tax assets	5,533,146	96,717	5,629,863	4,890,675	110,941	5,001,616
Gross deferred tax liabilities	(11,666)	(1,198,325)	(1,209,991)	(8,873)	(1,099,034)	(1,107,907)
Net deferred tax asset/(liability) before admissibility test	5,521,480	(1,101,608)	4,419,872	4,881,802	(988,093)	3,893,709
Admitted pursuant to Paragraph 10.a	-	-	-	-	-	-
Paragraph 10.b.i.	-	-	-	-	-	-
Paragraph 10.b.ii.	16,870,115	16,780,115	16,780,115	16,518,071	16,518,071	16,518,071
Admitted pursuant to paragraph 10.b. (lesser of i. or ii.)	-	-	-	-	-	-
Admitted pursuant to paragraph 10.c.	-	-	-	-	-	-
Additional admitted pursuant to paragraph 10.e.i.	-	-	-	-	-	-
Paragraph 10.e.ii.a.	-	-	-	-	-	-
Paragraph 10.e.ii.b.	25,170,172	25,170,172	25,170,172	24,777,107	24,777,107	24,777,107
Additional admitted pursuant to paragraph 10.e.ii. (lesser of a. or b.)	-	-	-	-	-	-
Additional admitted pursuant to paragraph 10.e.iii.	-	-	-	-	-	-
Admitted deferred tax asset	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
Net Admitted DTA or (DTL)	-	-	-	-	-	-
Nonadmitted DTA	5,521,480	(1,101,608)	4,419,872	4,881,802	(988,093)	3,893,709

- (2) The Company has elected to admit DTAs pursuant to paragraph 10.e.
- (3) The Company recorded no change in admitted DTAs as the result of its election to employ the provisions of paragraph 10.e. as follows:

Change During 2011			
Description	Ordinary	Capital	Total
Gross deferred tax assets	642,471	(14,224)	628,247
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	642,471	(14,224)	628,247
Gross deferred tax liabilities	(2,793)	(99,291)	(102,084)
Net deferred tax asset/(liability) before admissibility test	639,678	(113,515)	526,163
Admitted pursuant to Paragraph 10.a	-	-	-
Paragraph 10.b.i.	-	-	-
Paragraph 10.b.ii.	-	-	-
Admitted pursuant to paragraph 10.b. (lesser of i. or ii.)	-	-	-
Admitted pursuant to paragraph 10.c.	-	-	-
Additional admitted pursuant to paragraph 10.e.i.	-	-	-
Paragraph 10.e.ii.a.	-	-	-
Paragraph 10.e.ii.b.	-	-	-
Additional admitted pursuant to paragraph 10.e.ii. (lesser of a. or b.)	-	-	-
Additional admitted pursuant to paragraph 10.e.iii.	-	-	-
Admitted deferred tax asset	-	-	-

STATEMENT AS OF MARCH 31, 2011 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Deferred tax liability	-	-	-
Change in net admitted DTA or (DTL)	-	-	-
Change in nonadmitted DTA	-	-	-

(4) (5) The following table provides the Company’s assets, capital and surplus and RBC information with the DTA calculated under SSAP No. 10R paragraphs 10(a) to (c ) and the additional DTA determined under SSAP No. 10R paragraph 10(e) as of March 31, 2011:

Description	With paragraph's 10.a. - c.	With paragraph's 10.e.	Difference
Admitted DTAs	-	-	-
Admitted assets	273,498,209	273,498,209	-
Statutory surplus	171,046,262	171,046,262	-
Total adjusted capital	171,046,262	171,046,262	-
Authorized control level used in 10.d. (2010)	10,321,820	10,321,820	-

(6) The percentage amount tax planning strategies impact the net admitted DTA’s is 0%.

B. Temporary differences for which a DTL has not been established:	0
C. Current Tax and Change in Deferred Tax	

Current income taxes incurred consist of the following major components:

Description	2011	2010
Current income tax expense	(638,253)	(1,097,393)
Tax on capital gains/(losses)	445,218	741,165
Federal income taxes incurred	(193,035)	(356,228)

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

DTAs Resulting From Book/Tax Differences in	March 31, 2011	December 31, 2010	Change	Character
Unearned premium reserve	2,318,833	2,140,803	178,030	Ordinary
Unpaid loss reserve	2,918,828	2,451,696	467,132	Ordinary
Other deferred tax assets	295,486	298,176	(2,690)	Ordinary
Nonadmitted statutory assets	-	-	-	Ordinary
Unrealized (gain)/loss on investments	-	-	-	Capital
Investments	96,717	110,941	(14,224)	Capital
Gross DTAs	5,629,864	5,001,616	628,248	
Nonadmitted DTAs	4,419,873	3,893,709	526,164	

DTLs Resulting From Book/Tax Differences in	March 31, 2011	December 31, 2010	Change	Character
Unrealized (gain)/loss on investments	(1,198,325)	(1,099,034)	(99,291)	Capital
Contingent commission	-	-	-	Ordinary
Commission expense	-	-	-	Ordinary
Other, net	(11,666)	(8,873)	(2,793)	Ordinary
Gross DTLs	(1,209,991)	(1,107,907)	(102,084)	

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

	March 31, 2011	December 31, 2010	Change
Total deferred tax assets	5,629,863	5,001,616	628,247
Total deferred tax liabilities	(1,209,990)	(1,107,907)	(102,083)
Net deferred tax asset(liability)	4,419,873	3,893,709	526,164
Tax effect of unrealized (gains)/losses			99,291
Change in net deferred income tax (charge)/benefit			625,455
-			
	December 31, 2010	December 31, 2009	Change
Total deferred tax assets	5,001,616	3,869,162	1,132,454
Total deferred tax liabilities	(1,107,907)	-	(1,107,907)
Net deferred tax asset(liability)	3,893,709	3,869,162	24,547
Tax effect of unrealized (gains)/losses			1,099,034
Change in net deferred income tax (charge)/benefit			1,123,581

D. Reconciliation of Federal income Tax Rate to Actual Effective Rate

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

As of March 31, 2011			
Description	Amount	Tax Effect	Effective Tax Rate
Income before taxes	(1,125,317)	(393,861)	35.00%
Net tax exempt interest	(1,072,032)	(375,211)	33.34%
Net dividends received deduction	(129,538)	(45,338)	4.03%

STATEMENT AS OF MARCH 31, 2011 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

DRD on Accrued	(11,722)	(4,103)	0.36%
Other permanent items, net	68	24	0.00%
Total	(2,338,541)	(818,489)	72.73%
Federal income taxes incurred expense/(benefit)	(1,823,581)	(638,253)	56.72%
Tax on capital gains/(losses)	1,272,050	445,218	-39.56%
Change in net deferred income tax charge/(benefit)	(1,787,010)	(625,454)	55.57%
Total statutory income taxes incurred	(2,338,541)	(818,489)	72.73%

As of December 31, 2010			
Description	Amount	Tax Effect	Effective Tax Rate
Income before taxes	296,631	103,821	35.00%
Net tax exempt interest	(4,091,763)	(1,432,117)	-482.79%
Net dividends received deduction	(391,648)	(137,077)	-46.21%
DRD on Accrued	(37,245)	(13,036)	-4.39%
Other permanent items, net	(4,003)	(1,401)	-0.48%
Total	(4,228,028)	(1,479,810)	-498.87%
Federal income taxes incurred expense/(benefit)	(3,135,410)	(1,097,393)	-369.95%
Tax on capital gains/(losses)	2,117,613	741,165	249.86%
Change in net deferred income tax charge/(benefit)	(3,210,231)	(1,123,582)	-378.78%
Total statutory income taxes incurred	(4,228,028)	(1,479,810)	-498.87%

- E. At March 31, 2011, the Company had net operating loss carryforwards of: 0
- At March 31, 2011, the Company had capital loss carryforwards of: 0

The following is income tax expense for the current and prior years that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2011	(446,562)	446,562	-
2010	238,816	(238,816)	-
Total	(207,746)	207,746	-

Deposits admitted under Internal Revenue Code Section 6603: 0

- F. The Company’s federal income tax return is consolidated with the following entities:

Cincinnati Financial Corporation (Parent)  
The Cincinnati Insurance Company  
The Cincinnati Casualty Company  
The Cincinnati Indemnity Company  
The Cincinnati Life Insurance company  
CFC Investment Company  
CSU Producer Resources, Inc.

The method of allocation between the companies is subject to written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with a current credit for net losses.

10. Information Concerning Parent, Subsidiaries and Affiliates
- A. No Change
- B. No Change
- C. No Change
- D. At March 31, 2011, the Company reported \$3,570,280 due to the Parent Company, The Cincinnati Insurance Company, and an affiliate, The Cincinnati Life Insurance Company. Also at December 31, 2010, the Company reported \$5,459,102 due from an affiliate, The CSU Producer Resources, Inc. The terms of the settlement require that these amounts be settled within 30 days.
- E. No Change
- F. No Change
- G. No Change
- H. No Change
- I. No Change
- J. No Change
- K. No Change
- L. No Change
11. Debt - No Change
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans - No Change
13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations - No Change
14. Contingencies - No Change
15. Leases - No Change
16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – No Change
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. No Change
- B. No Change
- C. Not applicable
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – No Change
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - No Change
20. Fair Value Measurement
- A. Not applicable
- B. Not applicable
- C. Not applicable
- D. Not applicable
21. Other Items - No Change
22. Subsequent Events – No Change



**STATEMENT AS OF MARCH 31, 2011 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE  
COMPANY**

**NOTES TO FINANCIAL STATEMENTS**

- 23. Reinsurance - No Change
- 24. Retrospectively Rated Contracts and Contracts Subject to Redetermination– No Change
- 25. Reserves as of December 31, 2010 were \$54,773,682. As of March 31, 2011, \$3,421,950 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$51,672,132 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on commercial casualty lines of insurance. Therefore, there has been \$320,400 unfavorable prior-year development since December 31, 2010 to March 31, 2011. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Because the Company does not write retrospectively rated policies, prior-year development does not affect premium adjustments.
- 26. Intercompany Pooling Arrangements – No Change
- 27. Structured Settlements - No Change
- 28. Health Care Receivables – No Change
- 29. Participating Policies – No Change
- 30. Premium Deficiency Reserves - No Change
- 31. High Deductibles – No Change
- 32. The Company does not discount unpaid losses or loss adjustment expenses except for income tax purposes.
- 33. Asbestos and Environmental Reserves - No Change
- 34. Subscriber Savings Accounts – No Change
- 35. Multiple Peril Crop Insurance – No Change
- 36. Financial Guaranty Insurance – None
- 37. Other - No Change

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? .....

Yes [ ☐ ] No [X]
- 1.2

If yes, has the report been filed with the domiciliary state? .....

Yes [ ☐ ] No [ ☐ ]
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes [ ☐ ] No [X]
- 2.2

If yes, date of change: .....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end? .....

Yes [ ☐ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes [ ☐ ] No [X]
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? .....

If yes, attach an explanation.

Yes [ ☐ ] No [X] NA [ ☐ ]
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2009
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

02/16/2011
- 6.3

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

02/16/2011
- 6.4

By what department or departments?  
Delaware.....
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? .....

Yes [ ☐ ] No [ ☐ ] NA [X]
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?.....

Yes [X] No [ ☐ ] NA [ ☐ ]
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes [ ☐ ] No [X]
- 7.2

If yes, give full information:  
.....
- 8.1

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

Yes [ ☐ ] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3

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

Yes [ ☐ ] No [X]
- 8.4

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

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

GENERAL INTERROGATORIES

- 9.1

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

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

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

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$ .....

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .....

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: .....\$ .....
13.

Amount of real estate and mortgages held in short-term investments: .....\$ .....
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates? .....

Yes ☐ No ☒
- 14.2

If yes, please complete the following:

		1		2
		Prior Year-End		Current Quarter
		Book/Adjusted		Book/Adjusted
		Carrying Value		Carrying Value
14.21	Bonds .....	\$ .....	\$ .....	
14.22	Preferred Stock .....	\$ .....	\$ .....	
14.23	Common Stock .....	\$ .....	\$ .....	
14.24	Short-Term Investments .....	\$ .....	\$ .....	
14.25	Mortgage Loans on Real Estate .....	\$ .....	\$ .....	
14.26	All Other .....	\$ .....	\$ .....	
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....	\$ .....	
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above ..	\$ .....	\$ .....	
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB? .....

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [X] No [ ]

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

1	2
Name of Custodian(s)	Custodian Address
FIFTH THIRD BANK.....	FIFTH THIRD CENTER, CINCINNATI, OH 45263.....

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

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

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

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

1	2	3
Central Registration Depository	Name(s)	Address

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

Yes [X] No [ ]

17.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

PART 2  
PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

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

If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.

.....

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

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
TOTAL			.....	.....	.....	.....	.....	.....	.....	.....

5. Operating Percentages:

5.1 A&H loss percent ..... %

5.2 A&H cost containment percent ..... %

5.3 A&H expense percent excluding cost containment expenses ..... %

6.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [ X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....

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

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....

Schedule F  
**NONE**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories								
	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
States, etc.	Active Status	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	
1. Alabama	AL	E	648,046	333,249	10,736	798,202	219,594	
2. Alaska	AK	E						
3. Arizona	AZ	E	331,945	285,169	150,149	45,201	1,115,573	
4. Arkansas	AR	E	405,322	235,296	919,000	782,497	435,636	
5. California	CA	N					680,968	
6. Colorado	CO	E	213,497	106,950	(350)	96,322	10,396	
7. Connecticut	CT	E	31,488			5,099		
8. Delaware	DE	L						
9. District of Columbia	DC	E						
10. Florida	FL	E	585,239	307,731	7,022	414,666	82,796	
11. Georgia	GA	E	968,124	688,483	69,395	57,800	1,434,548	
12. Hawaii	HI	E					422,425	
13. Idaho	ID	E	91,146	80,728	14,545	4,200	146,415	
14. Illinois	IL	E	1,209,864	1,172,204	114,757	74,134	4,637,386	
15. Indiana	IN	E	1,636,845	1,260,956	162,311	4,900	6,776,130	
16. Iowa	IA	E	384,330	381,590	124,947		953,545	
17. Kansas	KS	E	206,479	98,186			136,603	
18. Kentucky	KY	E	849,065	626,617	53,581	1,163,314	448,810	
19. Louisiana	LA	E	5,898			410		
20. Maine	ME	E					85,167	
21. Maryland	MD	E	275,524	226,267	51,505	1,056,080	1,520,903	
22. Massachusetts	MA	E	115,608			1,621	1,200	
23. Michigan	MI	E	657,434	412,776	289,001	2,041	2,746,427	
24. Minnesota	MN	E	537,448	515,828	24,847	37,204	1,680,721	
25. Mississippi	MS	E	31,667				5,676	
26. Missouri	MO	E	1,104,864	549,672	1,009,121	1,905,641	718,446	
27. Montana	MT	E	99,269	103,051		(4,441)	302,924	
28. Nebraska	NE	E	399,639	187,100			746,812	
29. Nevada	NV	E					194,155	
30. New Hampshire	NH	E	181,161	149,133	10,225	8,293	204,176	
31. New Jersey	NJ	E					40,940	
32. New Mexico	NM	E					264,608	
33. New York	NY	E	87,690	104,343			115,916	
34. No. Carolina	NC	E	198,722	143,049	(8,500)		26,878	
35. No. Dakota	ND	E	516,515	350,285	182,662		1,141,034	
36. Ohio	OH	E	40,703	16,664	300	621	1,030,070	
37. Oklahoma	OK	E	2,312,021	1,645,045	343,285	270	102,818	
38. Oregon	OR	E	11,806				37,809	
39. Pennsylvania	PA	E	39,268				10,637	
40. Rhode Island	RI	N	838,488	615,842	9,693		15,000	
41. So. Carolina	SC	E					1,150,490	
42. So. Dakota	SD	E	178,560	224,094	1,200		739,321	
43. Tennessee	TN	E	75,824	15,435	9,874			
44. Texas	TX	E	244,116	351,361	392,692	14,354	636,459	
45. Utah	UT	E	1,280,479	607,072	298,696		106,983	
46. Vermont	VT	E	284,017	339,250	4,270	1,120	391,129	
47. Virginia	VA	E	94,905	73,225			46,808	
48. Washington	WA	E	639,541	456,320	34,933	603,789	1,713,655	
49. West Virginia	WV	E	131,157	59,658	6,028		141,601	
50. Wisconsin	WI	E	386,023	307,286	9,304	1,854	1,834,638	
51. Wyoming	WY	E	318,526	204,786	70,051	7,396	134,708	
52. American Samoa	AS	N	52,590	1,470			379,198	
53. Guam	GU	N					264,829	
54. Puerto Rico	PR	N					51,114	
55. U.S. Virgin Islands	VI	N					245,887	
56. Northern Mariana Islands	MP	N					1,332,098	
57. Canada	CN	N					435,256	
58. Aggregate Other Alien	OT	XXX					281,540	
59. Totals	(a) 1		18,700,853	13,236,171	4,365,628	858,386	658,002	
DETAILS OF WRITE-INS							576,272	
5801.	XXX						421,022	
5802.	XXX							
5803.	XXX							
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX							
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX							

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

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

**NONE**



PART 1 - LOSS EXPERIENCE

Line of Business		Current Year to Date			4 Prior Year to Date Direct Loss Percentage
		1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1.	Fire .....	2,365,495	2,122,029	.89.7	.79.4
2.	Allied lines .....	1,032,132	908,299	.88.0	.75.9
3.	Farmowners multiple peril .....				
4.	Homeowners multiple peril .....				
5.	Commercial multiple peril .....				
6.	Mortgage guaranty .....				
8.	Ocean marine .....				
9.	Inland marine .....				
10.	Financial guaranty .....				
11.1	Medical professional liability - occurrence .....	20,984	12,335	.58.8	
11.2	Medical professional liability – claims made .....				
12.	Earthquake .....	9,067			
13.	Group accident and health .....				
14.	Credit accident and health .....				
15.	Other accident and health .....				
16.	Workers' compensation .....				
17.1	Other liability occurrence .....	8,261,975	5,514,621	.66.7	.51.3
17.2	Other liability – claims made .....	80,892	95,476	.118.0	.77.0
17.3	Excess Workers' Compensation .....				
18.1	Products liability - occurrence .....	4,554,964	2,952,701	.64.8	.81.7
18.2	Products liability – claims made .....	381,443	127,387	.33.4	.54.4
19.1,19.2	Private passenger auto liability .....				
19.3,19.4	Commercial auto liability .....				
21.	Auto physical damage .....				
22.	Aircraft (all perils) .....				
23.	Fidelity .....				
24.	Surety .....				
26.	Burglary and theft .....	100			
27.	Boiler and machinery .....	8,982	2,030	.22.6	
28.	Credit .....				
29.	International .....				
30.	Warranty .....				
31.	Reinsurance - Nonproportional Assumed Property .....	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability .....	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines .....	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business .....				
35.	TOTALS .....	16,716,033	11,734,877	70.2	65.9
DETAILS OF WRITE-INS					
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....				
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire .....	2,094,808	2,094,808	1,707,447
2.	Allied lines .....	960,864	960,864	758,065
3.	Farmowners multiple peril .....			
4.	Homeowners multiple peril .....			
5.	Commercial multiple peril .....			116,135
6.	Mortgage guaranty .....			
8.	Ocean marine .....			
9.	Inland marine .....			
10.	Financial guaranty .....			
11.1	Medical professional liability - occurrence .....	87,332	87,332	
11.2	Medical professional liability – claims made .....			
12.	Earthquake .....	5,293	5,293	1,252
13.	Group accident and health .....			
14.	Credit accident and health .....			
15.	Other accident and health .....			
16.	Workers' compensation .....			
17.1	Other liability-occurrence .....	9,753,216	9,753,216	6,422,632
17.2	Other liability – claims made .....	56,448	56,448	64,069
17.3	Excess Workers' Compensation .....			
18.1	Products liability - occurrence .....	5,414,338	5,414,338	3,655,910
18.2	Products liability – claims made .....	314,622	314,622	510,661
19.1,19.2	Private passenger auto liability .....			
19.3,19.4	Commercial auto liability .....			
21.	Auto physical damage .....			
22.	Aircraft (all perils) .....			
23.	Fidelity .....			
24.	Surety .....			
26.	Burglary and theft .....	1,270	1,270	
27.	Boiler and machinery .....	12,662	12,662	
28.	Credit .....			
29.	International .....			
30.	Warranty .....			
31.	Reinsurance - Nonproportional Assumed Property .....	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability .....	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines .....	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business .....			
35.	TOTALS .....	18,700,853	18,700,853	13,236,171
DETAILS OF WRITE-INS				
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Sum. of remaining write-ins for Line 34 from overflow page .....			
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2011 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2008 + Prior	1,084	.671	1,755	245	.6	.251	.796		.597	1,393	(43)	(68)	(111)
2. 2009	9,444	6,741	16,185	815	.51	.866	8,237	.695	6,152	15,084	(392)	.157	(235)
3. Subtotals 2009 + prior	10,528	7,412	17,940	1,060	.57	1,117	9,033	.695	6,749	16,477	(435)	.89	(346)
4. 2010	17,808	19,026	36,834	2,088	.216	2,304	14,434	3,282	17,479	35,195	(1,286)	1,951	.665
5. Subtotals 2010 + prior	28,336	26,438	54,774	3,148	.273	3,421	23,467	3,977	24,228	51,672	(1,721)	2,040	.319
6. 2011	XXX	XXX	XXX	XXX	1,694	1,694	XXX	4,316	9,222	13,538	XXX	XXX	XXX
7. Totals	28,336	26,438	54,774	3,148	1,967	5,115	23,467	8,293	33,450	65,210	(1,721)	2,040	319
8. Prior Year-End Surplus As Regards Policy-holders	171,695										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
											1. (6.1)	2. 7.7	3. 0.6
											Col. 13, Line 7 As a % of Col. 1 Line 8		
											4. 0.2		

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.


	RESPONSE
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	.....YES.....
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....NO.....
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	.....YES.....

Explanation:

- 1.
- 3.

Bar Code:

1.

  
1 3 0 3 7 2 0 1 1 4 9 0 0 0 0 0 1

3.

  
1 3 0 3 7 2 0 1 1 3 6 5 0 0 0 0 1

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	NONE	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	NONE	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	NONE	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	245,419,683	189,420,325
2. Cost of bonds and stocks acquired	19,008,307	61,782,863
3. Accrual of discount	43,943	173,781
4. Unrealized valuation increase (decrease)	283,688	3,140,097
5. Total gain (loss) on disposals	1,272,051	2,117,614
6. Deduct consideration for bonds and stocks disposed of	10,161,450	11,057,216
7. Deduct amortization of premium	66,952	157,781
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	255,799,270	245,419,683
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	255,799,270	245,419,683

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	182,006,872	15,683,264	3,995,200	(26,080)	193,668,856			182,006,872
2. Class 2 (a).....	30,103,822	1,995,500		(1,996,079)	30,103,243			30,103,822
3. Class 3 (a).....				1,999,150	1,999,150			
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds	212,110,694	17,678,764	3,995,200	(23,009)	225,771,249			212,110,694
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	212,110,694	17,678,764	3,995,200	(23,009)	225,771,249			212,110,694

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

Schedule DA - Part 1

NONE

Schedule DA - Verification

NONE

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

**STATEMENT AS OF MARCH 31, 2011 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY**

## SCHEDULE D - PART 3

### Show All Long-Term Bonds and Stock Acquired During the Current Quarter

[illegible]

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....



STATEMENT AS OF MARCH 31, 2011 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter																					
1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
313461-HZ-0...	FREDDIE MAC		01/12/2011	SECURITY CALLED BY ISSUER at 100.000		3,000,000	3,000,000	3,000,000	3,000,000						3,000,000				75,000	07/12/2030	1FE
0599999 - Bonds - U.S. Governments						3,000,000	3,000,000	3,000,000	3,000,000						3,000,000				75,000	XXX	XXX
674599-BW-4...	OCCIDENTAL PETROLEUM COR.		03/31/2011	SECURITY CALLED BY ISSUER at 113.665		1,136,650	1,000,000	991,360	994,781		419		419		995,200		141,450	141,450	29,167	11/01/2013	1FE
3899999 - Bonds - Industrial and Miscellaneous						1,136,650	1,000,000	991,360	994,781		419		419		995,200		141,450	141,450	29,167	XXX	XXX
8399997 - Bonds - Part 4						4,136,650	4,000,000	3,991,360	3,994,781		419		419		3,995,200		141,450	141,450	104,167	XXX	XXX
8399999 - Total - Bonds						4,136,650	4,000,000	3,991,360	3,994,781		419		419		3,995,200		141,450	141,450	104,167	XXX	XXX
8999999 - Total - Preferred Stocks							XXX													XXX	XXX
189054-10-9...	CLOROX COMPANY		02/14/2011	VARIOUS	24,000.000	1,526,313		1,443,206	1,518,720	(75,514)			(75,514)		1,443,206		83,107	83,107	13,200		
438516-10-6...	HONEYWELL INTERNATIONAL INC.		01/07/2011	MERRILL LYNCH	83,000.000	4,498,487		3,450,992	4,412,280	(961,288)			(961,288)		3,450,992		1,047,494	1,047,494			
9099999 - Common Stocks - Industrial and Miscellaneous						6,024,800	XXX	4,894,199	5,931,000	(1,036,801)			(1,036,801)		4,894,199		1,130,601	1,130,601	13,200	XXX	XXX
9799997 - Common Stocks - Part 4						6,024,800	XXX	4,894,199	5,931,000	(1,036,801)			(1,036,801)		4,894,199		1,130,601	1,130,601	13,200	XXX	XXX
9799999 - Total - Common Stocks						6,024,800	XXX	4,894,199	5,931,000	(1,036,801)			(1,036,801)		4,894,199		1,130,601	1,130,601	13,200	XXX	XXX
9899999 - Total - Preferred and Common Stocks						6,024,800	XXX	4,894,199	5,931,000	(1,036,801)			(1,036,801)		4,894,199		1,130,601	1,130,601	13,200	XXX	XXX
9999999 Totals						10,161,450	XXX	8,885,559	9,925,781	(1,036,801)	419		(1,036,383)		8,889,399		1,272,051	1,272,051	117,367	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE



SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter							
1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents							



DIRECTORS AND OFFICERS SUPPLEMENT FOR MARCH 31, 2011 OF THE CINCINNATI  
SPECIALTY UNDERWRITERS INSURANCE COMPANY

DIRECTOR AND OFFICER SUPPLEMENT

Year To Date For The Period Ended 2011

NAIC Group Code .....0244 NAIC Company Code .....13037

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ 2,781	\$ 3,704	\$

2. Commercial Multiple Peril (CMP) Packaged Policies

- 2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy?.....Yes [ ] No [ X]
- 2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [ ] No [ ]
- 2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified:..... \$.....

2.32 Amount estimated using reasonable assumptions:..... \$.....
- 2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$.....