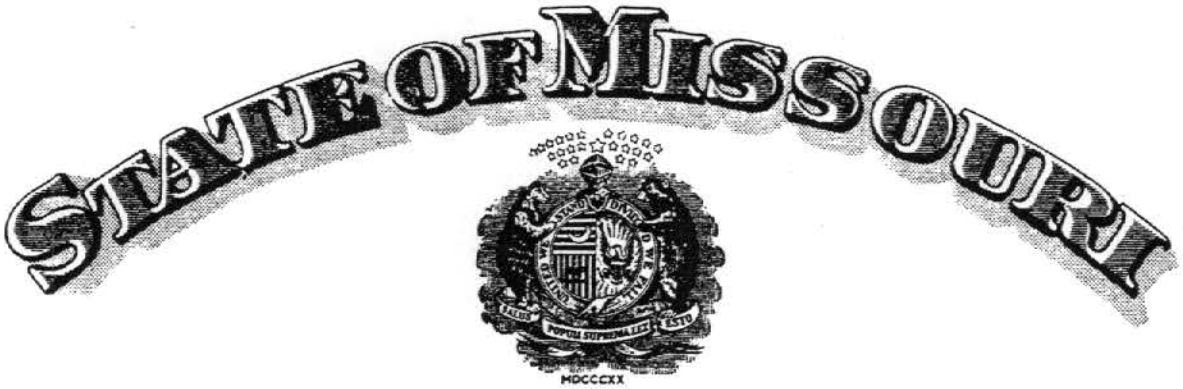

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE:	The Proposed Acquisition of Safeco National Insurance Company, by Liberty Mutual Holding Company, Inc. et al	) Case No. 080522386C

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

Findings of Fact and Conclusions of Law

Based on the testimony and other evidence presented, I, Linda Bohrer, Acting Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, find and conclude that:

1. On or about May 16, 2008, Liberty Mutual Holding Company, Inc., LMHC Massachusetts Holding, Inc., Liberty Mutual Group, Inc., Liberty Mutual Insurance Company, Liberty Insurance Holdings Inc. and LIH US P&C Corporation (collectively "acquiring parties") filed a Form A Statement with the Missouri Department of Insurance, Financial Institutions and Professional Registration (the "Department"), in connection with the proposed acquisition of Safeco National Insurance Company ("Safeco National"), a Missouri stock property and casualty insurance company. A public hearing was held on June 18, 2008, as ordered by the Department on May 28, 2008. The Acquiring Parties appeared in person and by counsel and the Department's Division of Insurance Company Regulation appeared by counsel.

2. According to the Form A, Liberty Mutual Insurance Company will acquire all of the issued and outstanding shares of common stock of Safeco Corporation for the purchase price of

approximately $6,200,000,000.00. Safeco Corporation is the indirect owner of all of the issued and outstanding shares of stock of Safeco National.

3. A preponderance of evidence on the whole record fails to show that:

A. After the acquisition of Safeco National by the Acquiring Parties, Safeco National will not be able to satisfy the requirements for the issuance of a license to write the lines of business for which it is presently licensed.

B. The effect of the acquisition of Safeco National by Acquiring Parties will be to substantially lessen competition in insurance or tend to create a monopoly in this State.

C. The financial condition of the Acquiring Parties is such as might jeopardize the financial stability of Safeco National or prejudice the interests of its policyholders.

D. The Acquiring Parties' plans, if any, to liquidate or sell Safeco National or to consolidate or merge it with other companies or to make any other material change in Safeco National's business, corporate structure, or management, would be unfair or unreasonable to policyholders of Safeco National or contrary to the public interest.

E. The competence, experience, and integrity of the Acquiring Parties' management are such that it would be contrary to the interest of policyholders of Safeco National and to the public to permit the acquisition of Safeco National by the Acquiring Parties.

F. The proposed acquisition of Safeco National by the Acquiring Parties is likely to be hazardous or prejudicial to the insurance buying public.

ORDER

Based on the foregoing Findings and Conclusions, the proposed acquisition of control of Safeco National Insurance Company by the Acquiring Parties is **APPROVED.**

Recommended by the hearing officer this 4th day of September, 2008.

Larry L. McCord, Jr.

Larry McCord, Hearing Officer

So ordered, signed and official affixed this 4th day of September, 2008.

Linda Bohrer

Linda Bohrer, Acting Director