



QUARTERLY STATEMENT

AS OF MARCH 31, 2010
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 513-870-2000-4825
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.cinfin.com

Statutory Statement Contact Brandon McIntosh 513-870-2000-4825
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OFFICERS

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

OTHER OFFICERS

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

DIRECTORS OR TRUSTEES

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

State of OHIO

ss

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.

KENNETH W. STECHER
PRESIDENT, CHIEF EXECUTIVE OFFICER

STEVEN J. JOHNSTON
CHIEF FINANCIAL OFFICER, SECRETARY AND
TREASURER

DONALD J. DOYLE JR.
SENIOR VICE PRESIDENT

Subscribed and sworn to before me this
11 day of MAY, 2010

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 _____

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

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	189,339,881		189,339,881	189,420,325
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	22,043,940		22,043,940	
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 (\$ 6,598,208), cash equivalents (\$) and short-term investments (\$)	6,598,208		6,598,208	20,083,166
6. Contract loans (including \$ premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	1,850,000		1,850,000	
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	219,832,030		219,832,030	209,503,491
12. Title plants less \$ charged off (for Title insurers only)				
13. Investment income due and accrued	2,877,733		2,877,733	3,115,764
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	134,267		134,267	36,910
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
14.3 Accrued retrospective premiums				
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers				
15.2 Funds held by or deposited with reinsured companies				
15.3 Other amounts receivable under reinsurance contracts				
16. Amounts receivable relating to uninsured plans				
17.1 Current federal and foreign income tax recoverable and interest thereon	542,701		542,701	
17.2 Net deferred tax asset	2,977,544	2,977,544		(0)
18. Guaranty funds receivable or on deposit				
19. Electronic data processing equipment and software				
20. Furniture and equipment, including health care delivery assets (\$)				
21. Net adjustment in assets and liabilities due to foreign exchange rates				
22. Receivables from parent, subsidiaries and affiliates	3,967,281		3,967,281	3,566,660
23. Health care (\$) and other amounts receivable				
24. Aggregate write-ins for other than invested assets	122,719		122,719	
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	230,454,274	2,977,544	227,476,730	216,222,826
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
27. Total (Lines 25 and 26)	230,454,274	2,977,544	227,476,730	216,222,826
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above)				
2401. Miscellaneous Receivables	122,719		122,719	
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above)	122,719		122,719	

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$2,905,635)	21,491,356	15,166,052
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	9,416,000	6,810,000
4. Commissions payable, contingent commissions and other similar charges	349,275	803,900
5. Other expenses (excluding taxes, licenses and fees)	258,244	448,253
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	4,688	
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		994,757
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$2,129,417 and including warranty reserves of \$)	22,872,193	21,853,017
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	337,230	348,652
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	2,187,794	1,896,294
20. Derivatives		
21. Payable for securities		
22. Liability for amounts held under uninsured plans		
23. Capital notes \$ and interest thereon \$		
24. Aggregate write-ins for liabilities	28,464	
25. Total liabilities excluding protected cell liabilities (Lines 1 through 24)	56,945,243	48,320,925
26. Protected cell liabilities		
27. Total liabilities (Lines 25 and 26)	56,945,243	48,320,925
28. Aggregate write-ins for special surplus funds		
29. Common capital stock	5,250,000	5,250,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	194,750,000	194,750,000
34. Unassigned funds (surplus)	(29,468,513)	(32,098,100)
35. Less treasury stock, at cost:		
35.1 shares common (value included in Line 29 \$)		
35.2 shares preferred (value included in Line 30 \$)		
36. Surplus as regards policyholders (Lines 28 to 34, less 35)	170,531,487	167,901,900
37. Totals	227,476,730	216,222,826
DETAILS OF WRITE-INS		
2401. Accounts Payable - Other	28,464	
2402.		
2403.		
2498. Summary of remaining write-ins for Line 24 from overflow page		
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	28,464	
2801.		
2802.		
2803.		
2898. Summary of remaining write-ins for Line 28 from overflow page		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)		
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)		

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$13,236,171)	10,938,086	4,406,841	28,276,109
1.2 Assumed (written \$)			
1.3 Ceded (written \$1,231,285)	(47,625)	188,011	1,310,274
1.4 Net (written \$12,004,887)	10,985,711	4,218,830	26,965,835
DEDUCTIONS:			
2. Losses incurred (current accident year \$2,905,635):			
2.1 Direct	7,211,690	2,207,027	13,638,649
2.2 Assumed			
2.3 Ceded	28,000	32,000	41,000
2.4 Net	7,183,690	2,175,027	13,597,649
3. Loss adjustment expenses incurred	2,861,749	1,106,536	6,556,697
4. Other underwriting expenses incurred	4,625,171	5,855,918	21,513,051
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	14,670,610	9,137,481	41,667,397
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7)	(3,684,899)	(4,918,651)	(14,701,562)
INVESTMENT INCOME			
9. Net investment income earned	2,545,291	2,073,440	9,346,717
10. Net realized capital gains (losses) less capital gains tax of \$	1,367,544	(1,701,956)	(2,394,823)
11. Net investment gain (loss) (Lines 9 + 10)	3,912,836	371,483	6,951,894
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)	227,937	(4,547,168)	(7,749,668)
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)	227,937	(4,547,168)	(7,749,668)
19. Federal and foreign income taxes incurred	(1,278,828)	(460,446)	(1,015,723)
20. Net income (Line 18 minus Line 19)(to Line 22)	1,506,765	(4,086,722)	(6,733,945)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	167,901,900	174,307,822	174,307,823
22. Net income (from Line 20)	1,506,765	(4,086,722)	(6,733,945)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$392,988	729,834	141,765	604,110
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	(498,630)	887,886	2,371,123
27. Change in nonadmitted assets	891,618	(530,000)	(2,594,162)
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		(53,046)	(53,049)
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)	2,629,587	(3,640,116)	(6,405,923)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	170,531,487	170,667,706	167,901,900
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
Cash from Operations			
1. Premiums collected net of reinsurance.....	11,896,108	7,520,141	40,146,076
2. Net investment income	2,752,975	1,930,703	8,139,598
3. Miscellaneous income			
4. Total (Lines 1 to 3)	14,649,083	9,450,844	48,285,674
5. Benefit and loss related payments	1,114,134	160,529	2,838,468
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions	5,261,079	5,634,576	21,147,932
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	995,000	884,795	(2,501,912)
10. Total (Lines 5 through 9)	7,370,213	6,679,899	21,484,487
11. Net cash from operations (Line 4 minus Line 10)	7,278,870	2,770,944	26,801,187
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	4,936,250	2,736,450	4,016,450
12.2 Stocks		8,688,806	10,245,337
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		4,868,083	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,936,250	16,293,339	14,261,787
13. Cost of investments acquired (long-term only):			
13.1 Bonds	2,725,585	41,371,938	59,557,888
13.2 Stocks	20,921,118		
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)	25,496,703	41,371,938	59,557,888
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)	(20,560,453)	(25,078,599)	(45,296,101)
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		(53,047)	(53,047)
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).....	(203,375)	(2,126,459)	(2,445,368)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(203,375)	(2,179,507)	(2,498,415)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(13,484,958)	(24,487,161)	(20,993,329)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	20,083,166	41,076,495	41,076,495
19.2 End of period (Line 18 plus Line 19.1)	6,598,208	16,589,334	20,083,166

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies. - No Change.

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 Delaware 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, (NAIC SAP) has 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 Corrections of Errors. - No Change.

3. Business Combinations and Goodwill. - No Change.

4. Discontinued Operations. - No Change.

5. Investments. - No Change.

6. Joint Ventures, Partnerships. - No Change.

7. Investment Income. - No Change.

8. Derivative Instruments. - No Change.

9. Income Taxes

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

(1)

Description	2010			2009		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	3,241,240	153,842	3,395,082	2,719,258	1,149,903	3,869,162
Statutory valuation allowance	-	-	-	-	-	-
Adjusted gross deferred tax assets	3,241,240	153,842	3,395,082	2,719,258	1,149,903	3,869,162
Gross deferred tax liabilities	(24,550)	(392,988)	(417,538)	-	-	-
Net deferred tax asset/(liability) before admissibility test	3,216,689	(239,145)	2,977,544	2,719,258	1,149,903	3,869,162
Admitted pursuant to Paragraph 10.a	-	-	-	-	-	-
Paragraph 10.b.i.	-	-	-	-	-	-
Paragraph 10.b.ii.	16,790,190	16,790,190	16,790,190	17,362,555	17,362,555	17,362,555
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.	25,185,285	25,185,285	25,185,285	26,043,833	26,043,833	26,043,833
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	3,216,689	(239,145)	2,977,544	2,719,258	1,149,903	3,869,162

(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:

Description	Change During 2010		
	Ordinary	Capital	Total
Gross deferred tax assets	521,982	(996,061)	(474,079)
Statutory valuation allowance	-	-	-
Adjusted gross deferred tax assets	521,982	(996,061)	(474,079)
Gross deferred tax liabilities	-	(417,538)	(417,538)
Net deferred tax asset/(liability) before admissibility test	521,982	(1,413,599)	(891,617)
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	-	-	-
Deferred tax liability	-	-	-
Change in net admitted DTA or (DTL)	-	-	-
Change in nonadmitted DTA	521,982	(1,413,599)	(891,617)

(4) 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 December 31, 2009:

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Description	With paragraph's 10.a. - c.	With paragraph's 10.e.	Difference
Admitted DTAs	-	-	-
Admitted assets	216,222,826	216,222,826	-
Statutory surplus	167,901,900	167,901,900	-
Total adjusted capital	167,901,900	167,901,900	-
Authorized control level used in 10.d.	7,844,734	7,844,734	-

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	2010	2009
Current income tax expense	(1,278,828)	(1,015,723)
Tax on capital gains/(losses)	736,370	(1,289,520)
Federal income taxes incurred	(542,458)	(2,305,243)

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, 2010	December 31, 2009	Change	Character
Unearned premium reserve	1,601,053	1,529,711	71,342	Ordinary
Unpaid loss reserve	1,502,732	1,068,487	434,245	Ordinary
Other deferred tax assets	137,454	121,060	16,394	Ordinary
Nonadmitted statutory assets	-	-	-	Ordinary
Unrealized (gain)/loss on investments	-	-	-	Capital
Investments	153,842	1,149,903	(996,061)	Capital
Gross DTAs	3,395,082	3,869,162	(474,080)	
Nonadmitted DTAs	2,977,544	3,869,162	(891,618)	

DTLs Resulting From Book/Tax Differences in	March 31, 2010	December 31, 2009	Change	Character
Unrealized (gain)/loss on investments	(392,988)	-	(392,988)	Capital
Contingent commission	-	-	-	Ordinary
Commission expense	-	-	-	Ordinary
Other, net	(24,550)	-	(24,550)	Ordinary
Gross DTLs	(417,538)	-	(417,538)	

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, 2010	December 31, 2009	Change
Total deferred tax assets	3,395,082	3,869,162	(474,080)
Total deferred tax liabilities	(417,538)	-	(417,538)
Net deferred tax asset(liability)	2,977,544	3,869,162	(891,618)
Tax effect of unrealized (gains)/losses			392,988
Change in net deferred income tax (charge)/benefit			(498,630)

	December 31, 2009	December 31, 2008	Change
Total deferred tax assets	3,869,162	1,957,301	1,911,861
Total deferred tax liabilities	-	-	-
Net deferred tax asset(liability)	3,869,162	1,957,301	1,911,861
Tax effect of unrealized (gains)/losses			325,290
Change in net deferred income tax (charge)/benefit			2,237,151

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, 2010			Effective Tax Rate
Description	Amount	Tax Effect	
Income before taxes	964,307	337,507	35.00%
Net tax exempt interest	(1,023,693)	(358,293)	-37.16%
Net dividends received deduction	(28,019)	(9,806)	-1.02%
DRD on Accrued	(41,736)	(14,607)	-1.51%
Other permanent items, net	3,917	1,371	0.14%
Total	(125,224)	(43,828)	-4.55%
Federal income taxes incurred expense/(benefit)	(3,653,794)	(1,278,828)	-132.62%
Tax on capital gains/(losses)	2,103,913	736,370	76.36%
Change in net deferred income tax charge/(benefit)	1,424,657	498,630	51.70%
Total statutory income taxes incurred	(125,224)	(43,828)	-4.55%

As of December 31, 2009			Effective Tax Rate
Description	Amount	Tax Effect	
Income before taxes	(9,039,189)	(3,163,716)	35.00%
Net tax exempt interest	(3,939,602)	(1,378,861)	15.25%

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Net dividends received deduction	(14,994)	(5,248)	0.06%
Other permanent items, net	<u>15,517</u>	<u>5,431</u>	<u>-0.06%</u>
Total	<u>(12,978,268)</u>	<u>(4,542,394)</u>	<u>50.25%</u>
Federal income taxes incurred expense/(benefit)	(2,902,065)	(1,015,723)	11.24%
Tax on capital gains/(losses)	(3,684,343)	(1,289,520)	14.27%
Change in net deferred income tax charge/(benefit)	<u>(6,391,861)</u>	<u>(2,237,151)</u>	<u>24.75%</u>
Total statutory income taxes incurred	<u>(12,978,268)</u>	<u>(4,542,394)</u>	<u>50.25%</u>

E. At March 31, 2010, the Company had net operating loss carryforwards of: 0
 At March 31, 2010, 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:

<u>Year</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2009	243,821	(243,821)	-
2008	731,099	(731,099)	-
Total	<u>974,920</u>	<u>(974,920)</u>	<u>-</u>

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
- CinFin Capital Management 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. Parent, Subsidiaries, Affiliates. - No Change.
- 11. Debt. - No Change.
- 12. Retirement Plans. - No Change.
- 13. Capital and Surplus... - No Change.
- 14. Contingencies. - No Change.
- 15. Leases. - No Change.
- 16. Information About Financial Instruments... - No Change.
- 17. Sale, Transfer and Servicing of Financial Assets.... - No Change.
- 18. Gain or Loss from Uninsured A&H Plans.... - No Change.
- 19. Direct Premium Written/Produced by Managing General Agents... - No Change.
- 20. Other Items. - No Change.
- 21. Events Subsequent. - No Change.
- 22. Reinsurance. - No Change.
- 23. Retro Reserves - No Change
- 24. Reserves as of December 31, 2009 were \$21,976,052. As of March 31, 2010, \$952,308 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$21,406,142 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on commercial casualty lines of insurance. Therefore, there has been \$382,399 unfavorable prior-year development since December 31, 2009 to March 31, 2010. 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 effect premium adjustments.
- 25. Intercompany Pooling Arrangements. - No Change.
- 26. Structured Settlements. - No Change.
- 27. Health Care Receivables. - No Change.
- 28. Participating Policies. - No Change.
- 29. Premium Deficiency Reserves. - No Change.
- 30. High Deductibles. - No Change.
- 31. Discounting of Liabilities for Unpaid Losses. - No Change.
- 32. Asbestos/Environmental Reserves. - No Change.
- 33. Subscriber Savings Accounts. - No Change.
- 34. Multiple Peril Crop Insurance. - No Change.
- 35. 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? Yes [] No [X] NA []
If yes, attach an explanation.
- 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. 10/09/2007
- 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). 11/02/2007
- 6.4 By what department or departments?
.....
- 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 [] No [] NA [X]
- 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 Prior Year-End Book/Adjusted Carrying Value		2 Current Quarter Book/Adjusted 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 No

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

1 Name of Custodian(s)	2 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 Name(s)	2 Location(s)	3 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

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

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

16.5 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	2 Name(s)	3 Address

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

Yes 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 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 funds administered as of the reporting date. \$.....

Schedule F
NONE

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
	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	333,249	65,029			219,594	31,002
2. Alaska	AK E						
3. Arizona	AZ E	285,169	134,932	45,201		154,710	23,410
4. Arkansas	AR E	235,296	137,550			435,636	16,752
5. California	CA N				3,000	680,968	(3,000)
6. Colorado	CO E	106,950		(350)		10,396	
7. Connecticut	CT E						
8. Delaware	DE L						
9. District of Columbia	DC E						
10. Florida	FL E	307,731				82,796	120,500
11. Georgia	GA E	688,483	599,955	57,800		1,196,102	523,860
12. Hawaii	HI E					422,425	
13. Idaho	ID E	80,728	36,819	4,200		41,148	3,242
14. Illinois	IL E	1,172,204	854,612	74,134	40,313	2,086,020	539,484
15. Indiana	IN E	1,260,956	820,183	4,900		2,060,606	624,067
16. Iowa	IA E	381,590	85,518			381,252	12,156
17. Kansas	KS E	98,186	51,265			63,969	4,403
18. Kentucky	KY E	626,617	348,778			448,810	23,735
19. Louisiana	LA E						
20. Maine	ME E					85,167	
21. Maryland	MD E	226,267	165,435		1,500	1,520,903	142,263
22. Massachusetts	MA E					1,200	
23. Michigan	MI E	412,776	235,290	2,041	862	1,877,310	126,760
24. Minnesota	MN E	515,828	252,190	37,204	200	737,979	46,027
25. Mississippi	MS E						
26. Missouri	MO E	549,672	365,959			718,446	81,587
27. Montana	MT E	103,051	108,545	(4,441)		118,028	10,357
28. Nebraska	NE E	187,100	37,974			194,155	2,930
29. Nevada	NV E					160,000	
30. New Hampshire	NH E	149,133	51,218	8,293		40,940	6,214
31. New Jersey	NJ E					264,608	
32. New Mexico	NM E	104,343	80,339			26,878	9,451
33. New York	NY E	143,049	62,887			136,036	2,810
34. North Carolina	NC E	350,285	299,784			1,030,070	91,786
35. North Dakota	ND E	16,664	9,784	621		37,809	1,663
36. Ohio	OH E	1,645,045	987,638	270	35,583	2,785,477	2,820,013
37. Oklahoma	OK E						
38. Oregon	OR E					15,000	
39. Pennsylvania	PA E	615,842	267,533			739,321	22,236
40. Rhode Island	RI N						
41. South Carolina	SC E	224,094	203,521			106,983	14,024
42. South Dakota	SD E	15,435	9,303			46,808	743
43. Tennessee	TN E	351,361	244,037	14,354		141,601	21,958
44. Texas	TX E	607,072	38,118			134,708	1,456
45. Utah	UT E	339,250	398,185	1,120	1,224	264,829	46,477
46. Vermont	VT E	73,225	106,535			51,114	10,046
47. Virginia	VA E	456,320	201,174	603,789	4,826	435,256	100,525
48. Washington	WA E	59,658				658,002	
49. West Virginia	WV E	307,286	170,270	1,854	1,235	576,272	23,533
50. Wisconsin	WI E	204,786	192,517	7,396	250	421,022	336,914
51. Wyoming	WY E	1,470					
52. American Samoa	AS N						
53. Guam	GU N						
54. Puerto Rico	PR N						
55. U.S. Virgin Islands	VI N						
56. Northern Mariana Islands	MP N						
57. Canada	CN N						
58. Aggregate Other Alien	OT XXX						
59. Totals	(a) 1	13,236,171	7,622,877	858,386	88,992	21,610,356	5,839,385
DETAILS OF WRITE-INS							
5801.	XXX						
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	1,528,316	1,214,113	79.4	46.7
2. Allied lines	660,966	501,569	75.9	17.3
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril	(9,349)			47.8
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims made				
12. Earthquake	8,286			
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability occurrence	5,139,386	2,636,905	51.3	43.6
17.2 Other liability - claims made	35,594	27,425	77.0	
17.3 Excess Workers' Compensation				
18.1 Products liability - occurrence	3,254,175	2,657,135	81.7	62.0
18.2 Products liability - claims made	320,712	174,544	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				
27. Boiler and machinery				
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	10,938,086	7,211,690	65.9	50.1
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	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	1,707,447	1,707,447	797,866
2. Allied Lines	758,065	758,065	492,869
3. Farmowners multiple peril			
4. Homeowners multiple peril			1,850
5. Commercial multiple peril	116,135	116,135	177,700
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability - occurrence			
11.2 Medical professional liability - claims made			
12. Earthquake	1,252	1,252	5,157
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability occurrence	6,422,632	6,422,632	3,737,475
17.2 Other liability - claims made	64,069	64,069	4,560
17.3 Excess Workers' Compensation			
18.1 Products liability - occurrence	3,655,910	3,655,910	2,251,677
18.2 Products liability - claims made	510,661	510,661	153,723
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			
27. Boiler and machinery			
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	13,236,171	13,236,171	7,622,877
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)			

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

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)	2010 Loss and LAE Payments on Claims Reported as of Prior Year-End	2010 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2010 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. 2007 + Prior													
2. 2008	1,829	995	2,824	8		8	2,132		956	3,088	311	(39)	272
3. Subtotals 2008 + Prior	1,829	995	2,824	8		8	2,132		956	3,088	311	(39)	272
4. 2009	8,655	10,497	19,152	875	70	945	8,039	1,817	8,462	18,318	259	(148)	111
5. Subtotals 2009 + Prior	10,484	11,492	21,976	883	70	953	10,171	1,817	9,418	21,406	570	(187)	383
6. 2010	XXX	XXX	XXX	XXX	162	162	XXX	2,794	6,707	9,501	XXX	XXX	XXX
7. Totals	10,484	11,492	21,976	883	232	1,115	10,171	4,611	16,125	30,907	570	(187)	383
8. Prior Year-End's Surplus As Regards Policyholders	167,902										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. 5.4	2. (1.6)	3. 1.7
													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 question.

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?NO.....
- 3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?NO.....

Explanation:

- 1.
- 2.
- 3.

Bar Code:

- 1. 
1 3 0 3 7 2 0 1 0 4 9 0 0 0 0 0 1
- 2. 
1 3 0 3 7 2 0 1 0 4 5 5 0 0 0 0 1
- 3. 
1 3 0 3 7 2 0 1 0 3 6 5 0 0 0 0 1

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year		
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 Year to Date	2 Prior Year Ended December 31
NONE		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
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 Year To Date	2 Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year		
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 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	189,420,325	146,616,982
2. Cost of bonds and stocks acquired	23,646,703	59,557,888
3. Accrual of discount	52,163	308,832
4. Unrealized valuation increase (decrease)	1,122,822	929,400
5. Total gain (loss) on disposals	2,103,914	(1,795,060)
6. Deduct consideration for bonds and stocks disposed of	4,936,250	14,261,787
7. Deduct amortization of premium	25,856	46,648
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		1,889,282
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	211,383,821	189,420,325
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	211,383,821	189,420,325

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

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
BONDS								
1. Class 1 (a).....	169,791,415	2,113,505	2,142,832	6,269	169,768,357			169,791,415
2. Class 2 (a).....	19,274,406	612,080	335,000	20,038	19,571,524			19,274,406
3. Class 3 (a).....	354,504			(354,504)				354,504
4. Class 4 (a).....			354,504	354,504				
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds	189,420,325	2,725,585	2,832,336	26,307	189,339,881			189,420,325
PREFERRED STOCK								
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	189,420,325	2,725,585	2,832,336	26,307	189,339,881			189,420,325

(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 \$.....

S102

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, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
.00440E-AL-1	ACE INA HOLDINGS		.01/26/2010	FTN FINANCIAL		544,815	500,000	5,756	1FE
.872287-AC-1	TCI COMMUNICATIONS INC.		.01/25/2010	JEFFERIES & CO.		612,080	500,000	21,510	2FE
.92933W-AA-6	WEA FINANCE/WT FIN AUST		.01/28/2010	JEFFERIES & CO.		538,300	500,000	11,979	1FE
.53947M-AA-4	LLOYDS TSB BANK PLC	F	.01/27/2010	BANK OF AMERICA		497,265	500,000	1,155	1FE
.92857W-AG-5	VODAFONE GROUP PLC	F	.02/03/2010	CAROLINA CAPITAL		533,125	500,000	9,931	1FE
3899999 - Total	- Bonds - Industrial, Misc.					2,725,585	2,500,000	50,330	XXX
8399997 - Total	- Bonds - Part 3					2,725,585	2,500,000	50,330	XXX
8399999 - Total	- Bonds					2,725,585	2,500,000	50,330	XXX
8999999 - Total	- Preferred Stocks						XXX		XXX
.053015-10-3	AUTOMATIC DATA PROCESSING		.01/22/2010	BLOOMBERG TRADEBOOK	35,000.000	1,451,345			L
.189054-10-9	CLOROX COMPANY		.01/25/2010	BLOOMBERG TRADEBOOK	24,000.000	1,443,206			L
.438516-10-6	HONEYWELL INTERNATIONAL INC.		.03/12/2010	BLOOMBERG TRADEBOOK	83,000.000	3,450,992			L
.459200-10-1	INTL BUSINESS MACHINES CORP.		.03/08/2010	BLOOMBERG TRADEBOOK	8,000.000	1,016,880			L
.46625H-10-0	JP MORGAN CHASE		.03/09/2010	SANDLER O'NEILL	46,500.000	1,974,562			L
.524660-10-7	LEGGETT & PLATT INC.		.03/10/2010	DEUTSCHE BANK	95,000.000	1,985,926			L
.665859-10-4	NORTHERN TRUST CORP.		.01/26/2010	CREDIT SUISSE	28,800.000	1,486,166			L
.670346-10-5	NUCOR CORP.		.01/25/2010	BLOOMBERG TRADEBOOK	33,000.000	1,462,548			L
.74005P-10-4	PRAXAIR INC.		.03/05/2010	BLOOMBERG TRADEBOOK	13,000.000	1,019,088			L
.847560-10-9	SPECTRA ENERGY CORP.		.01/27/2010	BLOOMBERG TRADEBOOK	60,000.000	1,314,270			L
.871829-10-7	SYSCO CORP.		.03/12/2010	DEUTSCHE BANK	70,000.000	2,005,739			L
.88579Y-10-1	3M CO.		.02/04/2010	BLOOMBERG TRADEBOOK	18,100.000	1,446,272			L
.92343V-10-4	VERIZON COMMUNICATIONS INC.		.02/12/2010	BLOOMBERG TRADEBOOK	30,000.000	864,122			L
9099999 - Total	- Common Stocks - Industrial, Misc.					20,921,118	XXX		XXX
9799997 - Total	- Common Stocks - Part 3					20,921,118	XXX		XXX
9799999 - Total	- Common Stocks					20,921,118	XXX		XXX
9899999 - Total	- Preferred and Common Stocks					20,921,118	XXX		XXX
9999999 - Totals						23,646,703	XXX	50,330	XXX

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

E04

STATEMENT AS OF MARCH 31, 2010 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)			
02639E-ND-2	AMERICAN GENERAL FINANCE		01/25/2010	FIRST TRYON		1,420,000	2,000,000	306,992	354,504						354,504				24,333	11/15/2014	4FE			
026870-DG-0	AMERICAN INTL GROUP		03/29/2010	FIRST TRYON		1,850,000	2,000,000	783,008	823,484		14,258		14,258		837,742		1,012,258	1,065,496	82,875	01/16/2018	1FE			
53079E-AT-1	LIBERTY MUTUAL GROUP		02/01/2010	MATURITY		335,000	335,000	331,483	334,799		201		201		335,000			8,166	02/01/2010	2FE				
826807-AH-0	SIMON PROPERTY GROUP LP		01/26/2010	TENDERED		1,331,250	1,250,000	1,327,113	1,308,900		(3,810)		(3,810)		1,305,090		26,160	26,160	50,052	01/20/2011	1FE			
3899999	Bonds - Industrial and Miscellaneous					4,936,250	5,585,000	2,748,595	2,821,687		10,648		10,648		2,832,336		2,103,914	2,103,914	165,426		XXX	XXX		
8399997	Bonds - Part 4					4,936,250	5,585,000	2,748,595	2,821,687		10,648		10,648		2,832,336		2,103,914	2,103,914	165,426		XXX	XXX		
8399999	Total - Bonds					4,936,250	5,585,000	2,748,595	2,821,687		10,648		10,648		2,832,336		2,103,914	2,103,914	165,426		XXX	XXX		
8999999	Total - Preferred Stocks																					XXX	XXX	
9799999	Total - Common Stocks																						XXX	XXX
9899999	Total - Preferred and Common Stocks																						XXX	XXX
9999999	Totals					4,936,250	5,585,000	2,748,595	2,821,687		10,648		10,648		2,832,336		2,103,914	2,103,914	165,426		XXX	XXX		

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

E05

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Description	Description of Items Hedged or Used For Income Generation	Schedule/ Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate or Index Received (Paid)	Prior Year Initial Cost of Premium Received (Paid)	Current Year Initial Cost of Premium Received (Paid)	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B./A.C.V.	Current Year's (Amortization)/ Accretion	Adjustment To Carry Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at Inception and at Quarter-end (a)
NONE																						
1399999	Subtotal - Hedging Effective													XXX							XXX	XXX
1409999	Subtotal - Hedging Other													XXX							XXX	XXX
1419999	Subtotal - Replication													XXX							XXX	XXX
1429999	Subtotal - Income Generation													XXX							XXX	XXX
1439999	Subtotal - Other													XXX							XXX	XXX
1449999	Total													XXX							XXX	XXX

(a)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

E06

STATEMENT AS OF MARCH 31, 2010 OF THE CINCINNATI SPECIALTY UNDERWRITERS INSURANCE COMPANY

SCHEDULE DB - PART B - SECTION 1

Future Contracts Open as of the Current Statement Date

1 Ticker Symbol	2 Number of Contracts	3 Notional Amount	4 Description	5 Description of Hedged Item(s)	6 Schedule/ Exhibit Identifier	7 Type(s) of Risk(s)	8 Date of Maturity or Expiration	9 Exchange	10 Trade Date	11 Transaction Price	12 Reporting Date Price	13 Book/ Adjusted Carrying Value	Change in Valuation Margin				18 Potential Exposure	19 Hedge Effectiveness at Inception and at Quarter-end (a)									
													14 Cumulative	15 Gain (Loss) Recognized in Current Year	16 Gain (Loss) Used to Adjust Basis of Hedged Item	17 Deferred											
NONE																											
1399999 - Subtotal - Hedging Effective																										XXX	
1409999 - Subtotal - Hedging Other																											XXX
1419999 - Subtotal - Replication																											XXX
1429999 - Subtotal - Income Generation																											XXX
1439999 - Subtotal - Other																											XXX
1449999 - Total																											XXX

E07

Broker Name	Net Cash Deposits
9999999	

(a)	Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

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 Totals							

E10