Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
HEREFORD INSURANCE COMPANY 401(K)/PROFIT SHARING PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2001

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
HEREFORD INSURANCE COMPANY

36-01 43RD AVE
LONG ISLAND CITY, NY 11101

36-01 43RD AVE
LONG ISLAND CITY, NY 11101

2b Employer Identification Number (EIN)
11-2774650

2c Sponsor's telephone number
718-361-9191

2d Business code (see instructions)
524210

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2010	NEIL S. GREENBAUM
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
HEREFORD INSURANCE COMPANY

36-01 43RD AVE
LONG ISLAND CITY, NY 11101

3b Administrator's EIN
11-2774650

3c Administrator's telephone number
718-361-9191

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:
a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	159
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	153
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	23
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	176
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	176
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	176
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	9
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2A 2E 2H 2J

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:
4B

9a Plan funding arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)	X	1	**A** (Insurance Information)
(4)			**C** (Service Provider Information)
(5)	X		**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEREFORD INSURANCE COMPANY 401(K)/PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500.
HEREFORD INSURANCE COMPANY

D Employer Identification Number (EIN)
11-2774650

Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions

Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
ING LIFE INSURANCE & ANNUITY CO.

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year (f) From	Policy or contract year (g) To
71-0294708	86509	PHK888	97	01/01/2009	12/31/2009

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
5564	652

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
HALLMAN & LORBER ASSOC. INC.
70 E. SUNRISE HIGHWAY
VALLEY STREAM, NY 11581

(b) Amount of sales and base commissions paid	Fees and other commissions paid (c) Amount	Fees and other commissions paid (d) Purpose	(e) Organization code
5564	652	TPA FEE	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid (c) Amount	Fees and other commissions paid (d) Purpose	(e) Organization code

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	89435
5	Current value of plan's interest under this contract in separate accounts at year end	5	897749

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	0
c	Premiums due but unpaid at the end of the year	6c	0
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	0

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☒ other ▶ VARIABLE ANNUITY

b	Balance at the end of the previous year			7b	68774
c	Additions: (1) Contributions deposited during the year	7c(1)	235214		
	(2) Dividends and credits	7c(2)	0		
	(3) Interest credited during the year	7c(3)	2349		
	(4) Transferred from separate account	7c(4)	123133		
	(5) Other (specify below)	7c(5)	37211		
	▶ LOANS				
	(6) Total additions			7c(6)	397907
d	Total of balance and additions (add **b** and **c(6)**)			7d	466681
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	66726		
	(2) Administration charge made by carrier	7e(2)	0		
	(3) Transferred to separate account	7e(3)	240645		
	(4) Other (specify below)	7e(4)	69875		
	▶ LOANS				
	(5) Total deductions			7e(5)	377246
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	89435

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance
e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug
i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**	0		
(2) Increase (decrease) in amount due but unpaid	**9a(2)**	0		
(3) Increase (decrease) in unearned premium reserve	**9a(3)**	0		
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	0
b Benefit charges (1) Claims paid	**9b(1)**	0		
(2) Increase (decrease) in claim reserves	**9b(2)**	0		
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	0
(4) Claims charged			**9b(4)**	0
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**	0		
(B) Administrative service or other fees	**9c(1)(B)**	0		
(C) Other specific acquisition costs	**9c(1)(C)**	0		
(D) Other expenses	**9c(1)(D)**	0		
(E) Taxes	**9c(1)(E)**	0		
(F) Charges for risks or other contingencies	**9c(1)(F)**	0		
(G) Other retention charges	**9c(1)(G)**	0		
(H) Total retention			**9c(1)(H)**	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	0
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	0
(2) Claim reserves			**9d(2)**	0
(3) Other reserves			**9d(3)**	0
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	0
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	0
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	0

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEREFORD INSURANCE COMPANY 401(K)/PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
HEREFORD INSURANCE COMPANY

D Employer Identification Number (EIN)
11-2774650

Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: MAP CONTRACT SEPARATE SCHEDULE D

b Name of sponsor of entity listed in (a): ING INSURANCE AND ANNUITY CO.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
71-0294708-000	P	897749

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEREFORD INSURANCE COMPANY 401(K)/PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HEREFORD INSURANCE COMPANY

D Employer Identification Number (EIN)
11-2774650

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	214506	238064
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	198194	119077
(2) U.S. Government securities	1c(2)	101612	206462
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	14025	18332
(B) All other	1c(3)(B)	136211	430493
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	41625	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	17037	50283
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	641021	897749
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	0	0
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	68775	89435
(15) Other	1c(15)	0	0

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	1433006	2049895
Liabilities			
g Benefit claims payable	1g	0	829
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	829
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	1433006	2049066

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	238064	
(B) Participants	2a(1)(B)	235214	
(C) Others (including rollovers)	2a(1)(C)	2716	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		475994
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	27458	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	2699	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		30157
(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	137007	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	145167	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		-8160

			(a) Amount	(b) Total
2b	(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
	(B) Other	2b(5)(B)	57185	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		57185
	(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
	(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
	(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
	(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
	(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		141564
c	Other income	2c		0
d	Total income. Add all **income** amounts in column (b) and enter total	2d		696740
	Expenses			
e	Benefit payment and payments to provide benefits:			
	(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	75550	
	(2) To insurance carriers for the provision of benefits	2e(2)	0	
	(3) Other	2e(3)	0	
	(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		75550
f	Corrective distributions (see instructions)	2f		298
g	Certain deemed distributions of participant loans (see instructions)	2g		4833
h	Interest expense	2h		0
i	Administrative expenses: (1) Professional fees	2i(1)	0	
	(2) Contract administrator fees	2i(2)	0	
	(3) Investment advisory and management fees	2i(3)	0	
	(4) Other	2i(4)	0	
	(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j	Total expenses. Add all **expense** amounts in column (b) and enter total	2j		80681
	Net Income and Reconciliation			
k	Net income (loss). Subtract line 2j from line 2d	2k		616059
l	Transfers of assets:			
	(1) To this plan	2l(1)		0
	(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BONAMASSA, MAIETTA & CARTELLI, LLP (2) EIN: 11-3554103

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	0
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	0
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	0
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	0
e	Was this plan covered by a fidelity bond?	4e	X		200000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	0
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	0
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	0
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	0
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:** 0

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
HEREFORD INSURANCE COMPANY 401(K)/PROFIT SHARING PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HEREFORD INSURANCE COMPANY

D Employer Identification Number (EIN)
11-2774650

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 71-0294708 11-2774650

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3** 0

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a** 0

b Enter the amount contributed by the employer to the plan for this plan year **6b** 0

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c** 0

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☒ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a	The current year	**14a**	0
b	The plan year immediately preceding the current plan year	**14b**	0
c	The second preceding plan year	**14c**	0

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a	The corresponding number for the plan year immediately preceding the current plan year	**15a**	0
b	The corresponding number for the second preceding plan year	**15b**	0

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a	Enter the number of employers who withdrew during the preceding plan year	**16a**	0
b	If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	0

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN

FINANCIAL STATEMENTS
DECEMBER 31, 2009

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
DECEMBER 31, 2009

CONTENTS

Report of Independent Certified Public Accountants

Exhibit "A" - Statements of Net Assets Available for Plan Benefits as of December 31, 2009 and December 31, 2008

Exhibit "B" - Statement of Changes in Net Assets Available for Plan Benefits for the Year Ended December 31, 2009

Notes to Financial Statements

Schedule 1 - Schedule of Assets Held at End of Year - December 31, 2009

Schedule 2 - Schedule of Assets Both Acquired and Disposed of within the Plan Year, December 31, 2009

Schedule 3 - Schedule of Reportable Transactions

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants
9001 Fifth Avenue
Brooklyn, New York 11209

JAMES D. BONAMASSA, CPA
LAWRENCE F. MAIETTA, CPA
VINCENT J. CARTELLI, CPA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Trustee and Participants in the
Hereford Insurance Company
Profit Sharing Plan
36-01 43rd Avenue
Long Island City, NY 11101

We were engaged to audit the accompanying statements of net assets available for plan benefits of the Hereford Insurance Company Profit Sharing Plan as of December 31, 2009 and 2008 and the statement of changes in net assets available for plan benefits for the year ended December 31, 2009 and the supplemental schedules as of and for the year ended December 31, 2009 as listed in the accompanying index. These financial statements and schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the trustee of the plan instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by ING Life Insurance and Annuity Company, the record keeper of the Plan, as agent for the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the record keeper holds the participant-directed portion of the Plan's investment assets and executes investment transactions for the same. The plan administrator has obtained a certification from the record keeper, on behalf of the trustee, as of and for the years ended December 31, 2009 and 2008, that the information provided to the plan administrator by the record keeper, as agent for the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the record keeper, as agent for the trustee of the Plan, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Bonamassa, Maietta & Cartelli, LLP

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

September 29, 2010

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
EXHIBIT "A"
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
DECEMBER 31,

ASSETS

	2009	2008
Investments, at fair value		
Participant directed		
Mutual funds	$ 897,749	$ 641,021
Investment contract	88,349	72,719
	986,098	713,740
Non-participant directed		
U.S Government agency and state obligations	206,462	101,612
Corporate bonds	430,493	136,211
Preferred bonds	18,332	14,025
Preferred Stock	---	41,625
Certificates of deposit	52,251	22,858
	707,538	316,331
Participant loans	50,283	17,037
Total investments	1,743,919	1,047,108
Receivables		
Employer's contribution	238,064	214,506
Total receivable	238,064	214,506
Cash	66,826	175,336
Total assets	$ 2,048,809	$ 1,436,950

LIABILITIES

Benefits payable	$ 829	$ ---
Total liabilities	829	---
Net assets available for plan benefits	$ 2,047,980	$ 1,436,950

The accompanying notes are an integral part of these financial statements.

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
EXHIBIT "B"
STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2009

Additions to net assets attributed to:		
Investment income -		
Interest		$ 29,015
Dividends		1,142
		30,157
Net appreciation in fair value of investments		185,560
		215,717
Participants' contributions		235,214
Employer's contribution		238,064
Participant rollover contributions		2,716
		475,994
Total additions		691,711
Deductions from net assets attributed to:		
Distributions to plan participants	$ 80,681	
Total deductions		80,681
Net increase in plan assets		611,030
Net assets available for plan benefits:		
Balance - January 1, 2009		1,436,950
Balance - December 31, 2009		$ 2,047,980

The accompanying notes are an integral part of these financial statements.

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1. Description of Plan

The following description of the Hereford Insurance Company Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

a. General

The Plan is a defined contribution plan covering all employees who have one year of service and are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan includes a 401(K) feature whereby participants may elect to contribute to the plan on a pre-tax basis. Participants are eligible to contribute to the 401(K) portion of the Plan after completing six months of service. The Plan may make discretionary employer contributions.

b. Contributions

Each year, participants may contribute up to the Internal Revenue Service prescribed limits of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan permits the Employer to contribute profit sharing contributions and qualified non-elective contributions at the sole discretion of the Employer. Profit sharing contributions will be allocated to eligible employees. In order to be eligible for a profit sharing contribution the employee must be actively employed on the last day of the plan year, must have reached the age of twenty-one and must have completed 1,000 hours of service during the Plan year. The Employer may make additional qualified non-elective contributions in order to help pass various non-discriminative tests for the 401(K) portion of the Plan. Contributions are subject to certain limitations. A profit sharing contribution in the amount of $238,064 and $214,506 was made for the Plan years ended December 31, 2009 and 2008, respectively.

Note 1. Description of Plan - continued

c. Participant Accounts

Each participant's account is credited or charged with each participant's share of contributions and allocations of the Company's contributions, Plan earnings (if any), and charged with an allocation of administrative expenses. Allocations are based upon participant earnings or account balances, as defined.

d. Vesting

Employee contributions and additional qualified non-elective contributions (if made) plus earnings thereon are immediately vested. Vesting in employer contributions portion of their accounts plus earnings thereon is based upon years of continuous service. A participant is one hundred percent (100%) vested after six (6) years of continuous service for employer profit sharing contributions.

e. Participant loans

Participants may borrow up to 50% of their vested portion of their account subject to a maximum of $50,000 and a minimum of $1,000. Loans will bear interest at 1% above prime with principal and interest to be paid ratably through weekly payroll deductions.

f. Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account or may delay the receipt of benefits, unless a distribution is required to be made as per Plan and IRS guidelines. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

g. Forfeited Accounts

At December 31, 2009 and 2008, forfeited non-vested accounts totaled $4,319 and $16,812, respectively. These accounts were used to reduce the 2009 and 2008 employer profit sharing contributions.

Note 2. Summary of Significant Accounting Policies:

Basis.

The financial statements are prepared under the accrual basis of accounting.

Investment Valuation

The Plan's investments are stated at fair value. If available, quoted market prices are used to value investments. The Plan's investment contract is reported at fair value by the Plan's record keeper. The fair value reflects the approximate amount that would have been paid if the contract had been terminated as of last day of the reporting period and potential surrender charges and market value adjustments were applied as of such date. Participant's loans are valued at their outstanding balances, which approximate fair value.

Fair Value of Financial Instruments

The Plan's Management has estimated the fair value of financial instruments using available market information and other valuation methodologies in accordance with FASB ASC 825-10-50 formerly SFAS No. 107, "Disclosures About Fair Value of Financial Instruments". Management of the Plan believes that the fair value of financial instruments, consisting of accounts receivable and payable, approximates carrying value due to the short payment terms associated with its accounts receivable and payable.

In September 2006, the FASB issued ASC 820 (formerly SFAS No. 157), Fair Value Measurements ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value and requires additional disclosures about fair value measurements, SFAS 157 is effective for fiscal years beginning after November 15, 2007 with early adoption permitted; in November, 2007, the FASB agreed to defer the effective date of ASC 820 for one year for all nonfinancial assets and nonfinancial liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Generally, the provisions of this statement should be applied prospectively as of the beginning of the fiscal year which this statement is initially applied. The Plan adopted this statement effective January 1, 2008.

Note 2. Summary of Significant Accounting Policies - continued:

In June 2006, FASB issued FASB Interpretation No.48 ("FIN 48"), Accounting for Uncertainty in Income Taxes. This interpretation, which is effective January 1, 2009, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code ("IRC") (see Note 9). Accordingly, the adoption of FIN 48 did not have a material impact on the Plan's net assets available for benefits and changes in net assets in net assets available for benefits.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the plan administrators to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Payment of Benefits

Benefits are recorded when paid.

Date of Management's Review

Subsequent events were evaluated through September 29, 2010 which is the date the financial statements were available to be issued.

Note 3. Information Prepared and Certified by the Record Keeper

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the Plan's record keeper as agent for the trustee of the plan.

Investments, at fair value:	December 31, 2009	December 31, 2008
Mutual Funds	$ 897,749	$ 641,021
Investment contract	88,349	72,719
Net investment income (loss) from registered investment companies	136,535	(209,203)

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 4. Investments:

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

	2009	2008
ING VP Money Market Portfolio – I, 11,417 & 9183 Shares, respectively	175,699	142,329
ING Oppenheimer Global Portfolio – I, 10,452 & 9,184 Shares, respectively	146,263	93,240
ING VP Strategic Alloc Consv Prtf – I, -0- & 5,975 Shares, respectively	-	91,649
ING Van Kampen Eq and Income Port – I, -0- & 8,783 Shares, respectively	-	89,220

During the year ended December 31, 2009 the Plan's investments (including investments bought, sold and held during the year) increased in value by $185,560 attributable to mutual funds, common and preferred stock, government and agency obligations and corporate debt as follows:

Participant directed:	
Mutual funds	$ 141,565
Investment contracts	(5,030)
	136,535
Non-Participant directed:	
U.S. government agency and state obligations	864
Corporate bonds	56,286
Preferred bonds	4,307
Preferred stock	(16,236)
Common stock	-
Certificate of deposits	3,804
	49,025
Net change in fair value	$ 185,560

Note 5. Investment Contract with Insurance Company:

The Plan entered into a benefit responsive investment contract with ING Life Insurance & Annuity Company for participant-initiated transaction. ING maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statement at fair market value. The fair value of the investment contract was $ 88,349 and $72,719 at December 31, 2009 and December 31, 2008, respectively. The contract is not considered fully benefit responsive as there are restrictions in the investment contract that prevent immediate and full payout of the contract value for plan initiated transactions.

Note 6. Fair Value of Financial Instruments:

Effective January 1, 2008 The Plan adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157) (FASB ASC 820-10), which provides a framework for measuring fair value under GAAP. SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS 157 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The Valuation Hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the Valuation Hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the Valuation Hierarchy and the distribution of the Company's financial assets within it are as follows:

- Level 1 – inputs to the valuation of methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 6. Fair Value of Financial Instruments - continued:

The following marketable securities are re-measured to fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using			
December 31, 2009	Fair Value	Quote Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 897,749	$ 897,749	$ ---	$ ---
Investment contract	88,349	---	---	88,349
US Government agency and state obligations	206,462	206,462	---	---
Corporate bonds	430,493	430,493	---	---
Preferred bonds	18,332	18,332	---	---
Certificates of deposit	52,251	52,251	---	---
Participant loans	50,283	---	---	50,283
Total Assets	$ 1,743,919	$ 1,605,287	$ ---	$ 138,632

Note 6. Fair Value of Financial Instruments - continued:

December 31, 2008	Fair Value	Quote Prices In Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 641,021	$ 641,021	$ ---	$ ---
Investment contract	72,719	---	---	72,719
US Government agency and state obligations	101,612	101,612	---	---
Corporate bonds	136,211	136,211	---	---
Preferred bonds	14,025	14,025	---	---
Preferred stock	41,625	41,625	---	---
Certificates of deposit	22,858	22,858	---	---
Participant loans	17,037	---	---	17,037
Total Assets	$ 1,047,108	$ 957,352	$ ---	$ 89,756

The investment contract and participant loans are not actively traded and significant other observable inputs are not available. Thus, the fair value of the investment contract is determined by discounting the related cash flow based on current yields of similar instruments with comparable durations, and the fair value of participant loans is equal to the amortized cost of the loans because the loans are secured by each respective participant's account balance. The following table provides further details of the Level 3 fair value measurements at December 31, 2009 and 2008.

Note 6. Fair Value of Financial Instruments - continued:

December 31, 2009	Investment Contract	Participant Loans	Total
Beginning balance	$ 72,719	$ 17,037	$ 89,756
Total gains or losses (realized and unrealized) purchases, sales, issuances, and settlements (net)	15,630	33,246	48,876
Ending balance	$ 88,349	$ 50,283	$ 138,632

December 31, 2008	Investment Contract	Participant Loans	Total
Beginning balance	$ 25,039	$ 6,754	$ 31,793
Total gains or losses (realized and unrealized) purchases, sales, issuances, and settlements (net)	47,680	10,283	57,963
Ending balance	$ 72,719	$ 17,037	$ 89,756

Note 7. Concentration of Credit Risk

The Plan maintains money market funds with one banking institution. Such balances are not FDIC insured. The Plan has not experienced any losses on its cash accounts.

Note 8. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

Note 9. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated April 9, 2010 that the plan is designed in accordance with applicable sections of the Internal Revenue Code. The Plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 10. Risk and Uncertainties

The Plan invests in various investments securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets for plan benefit.

Note 11. Related Parties

The Plan's sponsor, the Hereford Insurance Company, absorbs certain plan administration expenses.

The Plan's record keeper received $2,000 in administrative fees indirectly during the Plan year.

Note 12. Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for the plan benefits per the accompanying financial statements to the schedule H of Form 5500:

	December 31, 2009	December 31, 2008
Net assets available for benefits per the financial statements	$ 2,047,980	$ 1,436,950
Less: Investment contract, fair value	(88,349)	(72,719)
Plus: Investment contract, contract value	89,435	68,775
Net assets available for benefits per Schedule H of Form 5500	$ 2,049,066	$ 1,433,006

The following is a reconciliation of the Plan's net appreciation in fair value of investments per the financial statements to the schedule H of Form 5500:

Net appreciation in fair value of investments per the financial statements	$ 185,560
Less: change in fair market value, investment contract	5,029
Appreciation in fair value of investments plus net gain on sale of assets per Schedule H of Form 5500	$ 190,589

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AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Trustee and Participants in the
Hereford Insurance Company
Profit Sharing Plan
36-01 43rd Avenue
Long Island City, NY 11101

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary data included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information certified by ING Life Insurance and Annuity Company, the record keeper, on behalf of the trustee, of the Plan. Because of the significance of the information in the Plan's financial statements that we did not audit, we are unable to, and do not, express an opinion on the supplemental schedules as of or for the year ended December 31, 2009. The form and content of the information included in the supplemental schedules, other than that derived from the information certified by the record keeper, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Bonamassa, Maietta & Cartelli, LLP

Bonamassa, Maietta & Cartelli, LLP
Certified Public Accountants

September 29, 2010

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
SCHEDULE 1
SCHEDULE OF ASSETS HELD AT END OF YEAR
DECEMBER 31, 2009

	SHARES	COST	MARKET VALUE
Participant Non - Directed			
Preferred Bonds			
MBNA Capital D	750	$ 19,608	$ 18,332
Total Preferred Bonds		19,608	18,332
Government and agency obligations			
Federal Home Loan Bank WJ4	15,000	16,052	15,150
Federal Home Loan Bank XH5	10,000	10,931	10,409
Tennessee Valley Authority	85,000	99,630	106,657
Gainsville Fla Pension Oblig Rev Ser	20,000	7,758	6,828
Oakland Calif Pension Oblig Tax	28,000	9,658	10,005
Tacoma Wash Genl Oblig Ser F	90,000	34,848	31,500
Clark Cnty Nev Tax Flood Ctl	25,000	28,389	25,913
Total Government and Agency Obligations		207,266	206,462
Corporate bonds			
American Express Credit Co.	35,000	32,337	34,870
Toyota Motor Credit Corp.	20,000	19,760	19,066
Boeing Co Debenture	32,000	37,446	36,456
Lowes Companies, Inc.	15,000	15,344	16,495
Phillips Petroleoum Co Debentures	25,000	26,726	27,675
Conoco, Inc.	4,000	4,309	4,539
Archer Daniels Midland Co. Deb.	14,000	14,942	15,954
Burlington Res Fin Co.	25,000	26,534	29,267
Archer Daniels	35,000	36,755	38,968
Dell, Inc.	35,000	32,873	36,056
Conoco Phillips	7,000	7,113	7,769
Entergy Texas, Inc.	600	15,000	16,272
Coca Cola Enterprises Inc	30,000	14,325	17,238
Comerica Bank Sub NTS	20,000	22,800	19,999
Bank America Capital Co.	25,000	21,125	24,500
Lehman Bros Hldgs Inc 3Y5	25,000	25,460	4,875
Bank Amer Corp	25,000	25,692	23,589
Lehman Bros Hldgs Inc S69	25,000	25,812	4,875
Citigroup Cap IX Trust PFD	500	12,730	9,130
Morgan Stanley Cap Tr VIII	2,000	50,830	42,900
Total Corporate Debt		467,913	430,493

Certificates of deposit			
Wells Fargo Bank	25000	25,000	25,591
Custodial TR CO NJ	25,000	25,000	26,660
Total Certificates of Deposit		50,000	52,251
Morgan Stanley Money Market		66,826	66,826
Total Participant Non - Directed		$ 811,613	$ 774,364

See auditors' report on supplemental information

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
SCHEDULE 1
SCHEDULE OF ASSETS HELD AT END OF YEAR
DECEMBER 31, 2009
(CONTINUED)

	SHARES		MARKET VALUE
Participant Directed			
Mutual Funds			
* ING VP Money Market Portfolio	11,418	$	175,699
* ING VP Intermediate Bond Port - I	4,518		87,422
* ING VP Strategic Alloc Consv Prtf - I	4,615		82,557
* ING VP Small Company Port - I	2,377		60,936
* ING VP SmallCap Opport Port - I	3,727		30,669
* Fidelity VIP Growth Portfolio - Init	3,815		79,810
* Pioneer Equity Income VCT Port - I	6,718		72,855
* ING Oppenheimer Global Portfolio - I	10,451		146,262
* ING T. Rowe Price Diver Mid Cap Gr - I	4,921		58,662
* ING Van Kampen Eq and Income Port - I	8,041		98,967
* CRM Mid Cap Value Fund - Investor Sh	35		345
* American Funds Growth Fnd R4	42		400
* American Funds Income Fnd R4	29		282
* Columbia Mid Cap Value Fund - A	46		407
* Oppenheimer Intern'l Bond Fund - A	93		1,193
* T. Rowe Price Blue Chip Growth	111		958
* Loomis Sayles Bond Fund	31		325
Total Mutual Funds			897,749
Investment contract			
**ING Fixed Account, contract value	4,287		89,435
Total Participant Directed			987,184
Total Participant Non - Directed - from previous page			774,364
Participant loans, 4.25%, due 7/03/10 - 7/05/14			50,283
Total assets		$	1,811,831

* Cost information is not available from the record-keeper
** Denotes party- in-interest

See auditors' report on supplemental information

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
SCHEDULE 2
SCHEDULE OF ASSETS
BOTH ACQUIRED AND DISPOSED OF WITHIN THE PLAN YEAR
DECEMBER 31, 2009

SECURITY NAME	SHARES	COST	PROCEEDS
BAC Cap Trust V 6.00 11-03-34	2,500	$ 22,855	$ 39,016
MBNA CAP SER E CU	2,500	50,424	54,189
		$ 73,279	$ 93,205

See auditors' report on supplemental information

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
SCHEDULE 3
SCHEDULE OF REPORTABLE TRANSACTIONS
DECEMBER 31, 2009

SECURITY NAME	SHARES	PURCHASE	SALE
None		$ -	$ -
		$ -	$ -

See auditors' report on supplemental information

HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
SCHEDULE 1
SCHEDULE OF ASSETS HELD AT END OF YEAR
DECEMBER 31, 2009

	SHARES	COST	MARKET VALUE
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Preferred Bonds			
MBNA Capital D	750	$ 19,608	$ 18,332
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HEREFORD INSURANCE COMPANY
PROFIT SHARING PLAN
SCHEDULE 1
SCHEDULE OF ASSETS HELD AT END OF YEAR
DECEMBER 31, 2009
(CONTINUED)

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