

**ANNUAL STATEMENT**

**OF THE**

**EXCELSIOR INSURANCE COMPANY**

**of** **KEENE**

**in the state of** **NEW HAMPSHIRE**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE YEAR ENDED**  
**December 31, 2005**

**PROPERTY AND CASUALTY**

**2005**



11045200520100100

ANNUAL STATEMENT  
For the Year Ended December 31, 2005  
OF THE CONDITION AND AFFAIRS OF THE  
Excelsior Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 11045 Employer's ID Number 15-0302550  
(Current Period) (Prior Period)  
Organized under the Laws of New Hampshire , State of Domicile or Port of Entry New Hampshire  
Country of Domicile United States of America  
Incorporated/Organized: July 19, 1988 Commenced Business: July 19, 1988  
Statutory Home Office: 62 Maple Avenue Keene, NH 03431  
Main Administrative Office: 62 Maple Avenue Keene, NH 03431 603-352-3221  
Mail Address: 175 Berkeley Street Boston, MA 02117  
Primary Location of Books and Records: 175 Berkeley Street Boston, MA 02117 617-357-9500  
Internet Website Address: www.libertyram.com  
Statutory Statement Contact: Douglas Link 617-357-9500 45668  
Douglas.Link@LibertyMutual.com 617-574-5955  
(E-Mail Address) (Fax Number)  
Policyowner Relations Contact: 62 Maple Avenue Keene, NH 03431 603-352-3221

OFFICERS  
Chairman of the Board  
Gary Richard Gregg #

	Name	Title
1.	<u>Gary Richard Gregg #</u>	<u>President and Chief Executive Officer</u>
2.	<u>Edmund Campion Kenealy #</u>	<u>Secretary</u>
3.	<u>James Francis Dore #</u>	<u>Treasurer and Chief Financial Officer</u>

Vice-Presidents

Name	Title	Name	Title
<u>Anthony Alexander Fontanes</u>	<u>EVP and Chief Investment Officer</u>	<u>Joseph Anthony Gilles #</u>	<u>Executive Vice President</u>
<u>Scott Rhodes Goodby #</u>	<u>EVP and Chief Operating Officer</u>		

DIRECTORS OR TRUSTEES

<u>James Francis Dore</u>	<u>John Derek Doyle</u>	<u>Joseph Anthony Gilles #</u>	<u>Scott Rhodes Goodby #</u>
<u>Gary Richard Gregg #</u>	<u>Christopher Charles Mansfield</u>		

State of Massachusetts  
County of Suffolk ss

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.

<u>(Signature)</u> <u>Gary Richard Gregg</u> (Printed Name) 1. <u>President and Chief Executive Officer</u> (Title)	<u>(Signature)</u> <u>Edmund Campion Kenealy</u> (Printed Name) 2. <u>Secretary</u> (Title)	<u>(Signature)</u> <u>James Francis Dore</u> (Printed Name) 3. <u>Treasurer and Chief Financial Officer</u> (Title)
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Subscribed and sworn to before me this  
27th day of January, 2006

- a. Is this an original filing? YES [ X ] NO [ ]  
b. If no: 1. State the amendment number .....  
2. Date filed .....  
3. Number of pages attached .....

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	63,553,509		63,553,509	60,532,885
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 0, Schedule E-Part 1), cash equivalents (\$ 0				
Schedule E-Part 2) and short-term investments (\$ 1,574,287, Schedule DA)	1,574,287		1,574,287	2,313,063
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	165		165	
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	65,127,961		65,127,961	62,845,948
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	802,041		802,041	759,545
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	8,782,300		8,782,300	7,192,884
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	1,537,000	1,181,400	355,600	2,450
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0 )				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	7,542,069		7,542,069	6,399,365
22. Health care (\$ 0 ) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	1,895,062		1,895,062	22,829
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	85,686,433	1,181,400	84,505,033	77,223,021
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	85,686,433	1,181,400	84,505,033	77,223,021

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	1,895,062		1,895,062	22,829
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,895,062		1,895,062	22,829

LIABILITIES, SURPLUS AND OTHER FUNDS	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 34, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	338,411	161,946
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 119,170,832 and including warranty reserves of \$ 0 )		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	16,776,183	15,092,466
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	1,645,695	(193,334)
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities		(2,177)
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	18,760,289	15,058,901
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	18,760,289	15,058,901
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	3,800,000	3,800,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	12,614,590	12,614,590
33. Unassigned funds (surplus)	49,330,154	45,749,530
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0 )		
34.2 0 shares preferred (value included in Line 29 \$ 0 )		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	65,744,744	62,164,120
36. TOTALS (Page 2, Line 26, Col. 3)	84,505,033	77,223,021

DETAILS OF WRITE-INS		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME		
	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)		
3. Loss expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,191,984	3,162,935
10. Net realized capital gains (losses) less capital gains tax of \$ 217,963 (Exhibit of Capital Gains (Losses))	404,788	463,458
11. Net investment gain (loss) (Lines 9 + 10)	3,596,772	3,626,393
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0 )		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(173)	(139)
15. Total other income (Lines 12 through 14)	(173)	(139)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,596,599	3,626,254
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)	3,596,599	3,626,254
19. Federal and foreign income taxes incurred	369,125	258,212
20. Net income (Line 18 minus Line 19) (to Line 22)	3,227,474	3,368,042
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	62,164,120	55,961,006
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	3,227,474	3,368,042
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	1,007,000	3,362,622
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(653,850)	(527,550)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	3,580,624	6,203,114
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	65,744,744	62,164,120

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 Line 0598) (Line 5 above)		
1401. Miscellaneous expense	(173)	(139)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(173)	(139)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)		

CASH FLOW		
Cash from Operations		
	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	1,683,717	1,490,676
2. Net investment income	3,193,835	3,152,949
3. Miscellaneous income	(49,705)	(139)
4. Total (Lines 1 through 3)	4,827,847	4,643,486
5. Benefit and loss related payments	1,589,416	(3,142,600)
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions		(3,533)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	410,623	(238,998)
10. Total (Lines 5 through 9)	2,000,039	(3,385,131)
11. Net cash from operations (Line 4 minus Line 10)	2,827,808	8,028,617
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	16,615,361	11,896,683
12.2 Stocks		
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	2,011	461,281
12.8 Total investment proceeds (Lines 12.1 to 12.7)	16,617,372	12,357,964
13. Cost of investments acquired (long-term only):		
13.1 Bonds	19,057,581	16,633,460
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	19,057,581	16,633,460
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,440,209)	(4,275,496)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(1,126,375)	(3,443,639)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,126,375)	(3,443,639)
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)	(738,776)	309,482
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,313,063	2,003,581
19.2 End of year (Line 18 plus Line 19.1)	1,574,287	2,313,063

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

20.0001.		
20.0002.		
20.0003.		

**NONE                      Underwriting and Investment Exhibit - Part 1**

**NONE                      Underwriting and Investment Exhibit - Part 1A**



UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees  
Written and Renewed During Year

Line of Business	1  Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6  Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2  From Affiliates	3  From Non- Affiliates	4  To Affiliates	5  To Non- Affiliates	
1. Fire	2,395,107			2,395,107		
2. Allied lines	2,206,931			2,206,931		
3. Farmowners multiple peril						
4. Homeowners multiple peril	13,130,446			13,130,446		
5. Commercial multiple peril	83,959,615			83,959,615		
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	14,522,176			14,522,176		
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	122,772			122,772		
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	62,947,636			62,947,636		
17.1 Other liability - occurrence	16,690,986			16,690,986		
17.2 Other liability - claims-made						
18.1 Products liability - occurrence	186,559			186,559		
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	(16,832)			(16,832)		
19.3, 19.4 Commercial auto liability	45,799,844			45,799,844		
21. Auto physical damage	13,404,498			13,404,498		
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft	12,825			12,825		
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X					
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	255,362,563			255,362,563		

DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)						

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	768,172		768,172					
2. Allied lines	553,625		553,625					
3. Farmowners multiple peril								
4. Homeowners multiple peril	8,592,497		8,592,497					
5. Commercial multiple peril	21,854,197		21,854,197					
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	3,675,496		3,675,496					
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims - made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	23,645,742		23,645,742					
17.1 Other liability - occurrence	4,448,051		4,448,051					
17.2 Other liability - claims - made								
18.1 Products liability - occurrence	9,341		9,341					
18.2 Products liability - claims - made								
19.1, 19.2 Private passenger auto liability	1,808,418		1,808,418					
19.3, 19.4 Commercial auto liability	19,554,859		19,554,859					
21. Auto physical damage	6,152,879		6,152,879					
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft	2,441		2,441					
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X							
31. Reinsurance-Nonproportional Assumed Liability	X X X							
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	91,065,718		91,065,718					

DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)								

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1.	Fire	7,816		7,816		6,948		6,948		
2.	Allied lines	826,527		826,527		10,773		10,773		
3.	Farmowners multiple peril									
4.	Homeowners multiple peril	2,939,874		2,939,874		1,230,409		1,230,409		
5.	Commercial multiple peril	30,072,739		30,072,739		23,399,091		23,399,091		
6.	Mortgage guaranty									
8.	Ocean marine									
9.	Inland marine	546,239		546,239		(3,563)		(3,563)		
10.	Financial guaranty									
11.1	Medical malpractice - occurrence									
11.2	Medical malpractice - claims - made									
12.	Earthquake									
13.	Group accident and health								(a)	
14.	Credit accident and health (group and individual)									
15.	Other accident and health								(a)	
16.	Workers' compensation	41,202,186		41,202,186		47,587,794		47,587,794		
17.1	Other liability - occurrence	525,321		525,321		8,734,852		8,734,852		
17.2	Other liability - claims - made									
18.1	Products liability - occurrence	30,000		30,000		48,653		48,653		
18.2	Products liability - claims - made									
19.1, 19.2	Private passenger auto liability	1,289,156		1,289,156		395,696		395,696		
19.3, 19.4	Commercial auto liability	22,862,735		22,862,735		22,968,856		22,968,856		
21.	Auto physical damage	638,015		638,015						
22.	Aircraft (all perils)									
23.	Fidelity									
24.	Surety									
26.	Burglary and theft					11		11		
27.	Boiler and machinery									
28.	Credit									
29.	International									
30.	Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31.	Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
32.	Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33.	Aggregate write-ins for other lines of business									
34.	TOTALS	100,940,608		100,940,608		104,379,520		104,379,520		

DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398.	Summary of remaining write-ins for Line 33 from overflow page								
3399.	Totals (Lines 3301 through 3303 + 3398) (Line 33 above)								

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	15,733,874			15,733,874
1.2 Reinsurance assumed	(20,198)			(20,198)
1.3 Reinsurance ceded	15,713,676			15,713,676
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent		35,963,487		35,963,487
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		35,963,487		35,963,487
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed				
2.6 Contingent-reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)				
3. Allowances to manager and agents				
4. Advertising			82	82
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			19,130	19,130
8.2 Payroll taxes			734	734
9. Employee relations and welfare			970	970
10. Insurance			22	22
11. Directors' fees				
12. Travel and travel items			275	275
13. Rent and rent items			296	296
14. Equipment			329	329
15. Cost or depreciation of EDP equipment and software			201	201
16. Printing and stationery			43	43
17. Postage, telephone and telegraph, exchange and express			745	745
18. Legal and auditing			1,701	1,701
19. Totals (Lines 3 to 18)			24,528	24,528
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses			2,653	2,653
25. Total expenses incurred			27,181 (a)	27,181
26. Less unpaid expenses-current year				
27. Add unpaid expenses-prior year				
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)			27,181	27,181

DETAILS OF WRITE-INS				
2401. Other expenses			2,653	2,653
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)			2,653	2,653

(a) Includes management fees of \$ 27,181 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,949,220	1,996,206
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,128,862	1,120,025
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 110,456	114,804
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(11,870)	(11,870)
10. Total gross investment income	3,176,668	3,219,165
11. Investment expenses		(g) 27,181
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		27,181
17. Net investment income (Line 10 minus Line 16)		3,191,984
DETAILS OF WRITE-INS		
0901. Miscellaneous Income / (Expense)	(11,870)	(11,870)
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	(11,870)	(11,870)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		

- (a) Includes \$ 58,155 accrual of discount less \$ 102,502 amortization of premium and less \$ 131,116 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- Includes \$ 0 and \$ 0
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	257,751			257,751
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	365,000			365,000
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	622,751			622,751

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants ( for Title insurers only )			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	1,181,400	527,550	(653,850)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,181,400	527,550	(653,850)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	1,181,400	527,550	(653,850)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			

NOTES TO FINANCIAL STATEMENTS

**Note 1- Summary of Significant Accounting Policies**

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of New Hampshire, the accompanying financial statements of Excelsior Insurance Company (the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures Manual* (“APP Manual”).

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

- Investment grade short-term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (“SVO Manual”).
- Investment grade bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
- The Company does not own common stocks.
- The Company does not own preferred stocks.
- The Company does not own mortgage loans.
- Mortgage-backed/asset backed securities are stated at amortized value. Prepayment assumptions for single class mortgage-backed/asset backed securities and multi-class securities were obtained from internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class mortgage-backed/asset-backed securities and multi-class securities. Non-investment grade mortgage-backed/asset backed securities are stated at the lower of amortized value or fair value.
- The Company has no subsidiary investments.
- The Company has no investments in joint ventures, partnerships or limited liability companies.
- The Company has no derivative instruments.
- Refer to Note 30.
- Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
- The Company did not change its capitalization policy in 2005.

**Note 2- Accounting Changes and Correction of Errors**

- A. There were no material changes in accounting principles or corrections of errors during the year.

**Note 3- Business Combinations and Goodwill**

A. Statutory Purchase Method

The Company did not enter into any statutory purchases during the year.

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

C. Impairment Loss

Not applicable

NOTES TO FINANCIAL STATEMENTS

**Note 4- Discontinued Operations**

The Company has no discontinued operations to report.

**Note 5- Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not hold any mortgage loans as investments.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. The Company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date, where historical cash flows are not readily available.
2. Prepayment assumptions for single class and multi-class mortgages-backed/asset-backed securities were based upon 1-month historical constant prepayment rates.
3. The Company used IDSI, Bloomberg, and Lehman Index data in determining the market value of the vast majority of its loan-backed securities. A small number of securities are priced in other ways, such as contacting brokers.
4. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

The Company did not enter into any repurchase agreements during the year.

F. Real Estate

The Company does not own real estate.

**Note 6- Joint Ventures, Partnerships & Limited Liability Companies**

A. The Company has no investments in joint ventures, partnerships, or limited liability companies.

B. Impairments on joint ventures, partnerships, and limited liability companies.

Not Applicable

**Note 7- Investment Income**

A. Accrued Investment Income

All investment income due and accrued over 90 days past due is excluded from Surplus.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2005.

**Note 8- Derivative Instruments**

The Company was not a party to any derivative financial instruments during the year.

**Note 9 - Income Taxes**

A. The components of the net deferred tax assets and liabilities recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2005	December 31, 2004	Change
Total of gross deferred tax assets	1,781,000	736,638	1,044,362
Total of deferred tax liabilities	(244,000)	(206,638)	(37,362)
Net deferred tax asset	1,537,000	530,000	1,007,000
Net deferred tax asset non-admitted	(1,181,400)	(527,550)	(653,850)
Net admitted deferred tax asset	355,600	2,450	353,150

B. The Company does not have any deferred tax liabilities described in SSAP No. 10, Income Taxes, paragraph 6d.



NOTES TO FINANCIAL STATEMENTS

C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2005	2004
Federal tax on operations	369,125	1,566,002
Net operating loss benefit	0	(1,470,000)
Foreign tax on operations	0	0
Income tax incurred on operations	369,125	96,002
Tax on capital gains	217,963	162,210
Total income tax incurred	587,088	258,212

The Company’s deferred tax assets and liabilities result primarily from investment impairments, alternative minimum tax credit carryforwards, and statutory non-admitted assets.

The change in deferred income taxes is comprised of the following:

	2005
Change in net deferred income tax (without unrealized gain or loss)	1,007,000
Tax effect of unrealized (gains) losses	0
Total change in net deferred income tax	1,007,000

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of goodwill, revisions to prior year estimates, and changes in deferred taxes related to statutory non-admitted assets.

E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$474,000 from the current year and \$269,000 from the preceding year.

The Company has no net loss carryforward available to offset future net income subject to Federal income taxes.

The Company has minimum tax credit of \$1,395,000 which does not expire.

F. The Company's Federal income tax return is consolidated with the following entities:

Access Insurance Services, Co.	Liberty International Holdings, Inc.
ALM Services, Inc.	Liberty Life Assurance Company of Boston
Ambco Capital Corporation	Liberty Life Holdings, Inc.
America First Insurance Company	Liberty Lloyds of Texas Insurance Company
America First Lloyds Insurance Company	Liberty Management Services, Inc.
American Ambassador Casualty Company	Liberty Massachusetts Trust
Berkeley Holdings Company Associates, Inc.	Liberty Mexico Holdings, Inc.
Berkeley Management Corporation	Liberty Mutual Capital Corporation (Boston)
Bridgefield Casualty Insurance Company	Liberty Mutual Fire Insurance Company
Bridgefield Employers Insurance Company	Liberty Mutual Group Inc.
Capitol Agency, Inc. (Arizona corporation)	Liberty Mutual Holding Company, Inc.
Capitol Agency, Inc. (Ohio corporation)	Liberty Mutual Insurance Company
Capitol Agency, Inc. (Tennessee corporation)	Liberty Mutual Managed Care, Inc.
Cascade Disability Management, Inc.	Liberty Northwest Insurance Corporation
Colorado Casualty Insurance Company	Liberty Personal Insurance Company
Companies Agency Insurance Services of California	Liberty RE (Bermuda) Limited
Companies Agency of Alabama, Inc.	Liberty Real Estate Corporation
Companies Agency of Georgia, Inc.	Liberty Surplus Insurance Corporation
Companies Agency of Kentucky, Inc.	Liberty-USA Corporation
Companies Agency of Massachusetts, Inc.	LIH-Re of America Corporation
Companies Agency of Michigan, Inc.	LIH U.S. P&C Corporation
Companies Agency of New York, Inc.	LIIA Insurance Agency, Inc.
Companies Agency of Pennsylvania, Inc.	LIU Specialty Agency, Inc.
Companies Agency of Phoenix, Inc.	LLS Insurance Agency of Nevada, Inc.
Companies Agency, Inc.	LM Insurance Corporation
Companies Annuity Agency of Texas, Inc.	LMHC Massachusetts Holding, Inc.
Consolidated Insurance Company	LRE Properties, Inc.
Copley Venture Capital, Inc.	Mid-American Agency, Inc.
Countrywide Services Corporation	Mid-American Fire and Casualty Company
Diversified Settlements, Inc.	Missouri Agency, Inc.
Employers Insurance Company of Wausau	North Pacific Insurance Company
Excelsior Insurance Company	Oregon Automobile Insurance Company
First State Agency, Inc.	Peerless Indemnity Insurance Company
Florida State Agency, Inc.	Peerless Insurance Company
Globe American Casualty Company	LM Personal Insurance Company
Golden Eagle Insurance Corporation	LM General Insurance Company
Gulf States AIF, Inc.	LM Property and Casualty Insurance Company
Hawkeye-Security Insurance Company	San Diego Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	State Agency, Inc. (Indiana corporation)
Helmsman Insurance Agency of Texas, Inc.	State Agency, Inc. (Wisconsin corporation)
Heritage-Summit Healthcare of Florida, Inc.	St. James Insurance Company
Indiana Insurance Company	Summit Consulting, Inc.
LEXCO Limited	Summit Consulting, Inc. of Louisiana
Liberty Assignment Corporation	Summit Holding Southeast, Inc.
Liberty Corporate Services, Inc.	The First Liberty Insurance Corporation

NOTES TO FINANCIAL STATEMENTS

Liberty Energy Corporation	The Midwestern Indemnity Company
Liberty Financial Services, Inc.	The National Corporation
Liberty Hospitality Group, Inc.	The Netherlands Insurance Company
Liberty Insurance Company of America	Wausau (Bermuda) Ltd.
Liberty Insurance Corporation	Wausau Business Insurance Company
Liberty Insurance Holdings, Inc.	Wausau General Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Holdings, Inc.
Liberty International Aberdeen, Inc.	Wausau Service Corporation
Liberty International Asia Pacific Holdings, Inc.	Wausau Underwriters Insurance Company

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

**Note 10- Information concerning Parent, Subsidiaries and Affiliates**

- A. The Company is a wholly owned subsidiary of LIH US P&C Corporation, an insurance holding company incorporated in the state of Delaware. All of the outstanding shares of LIH US P&C Corporation are owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in the state of Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company, an insurance company incorporated in Massachusetts. The ultimate parent of Liberty Mutual Insurance Company is Liberty Mutual Holding Company, Inc., a Massachusetts company.
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.
- C. Refer to Note 26
- D. At December 31, 2005, the Company reported \$7,542,069 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. The Company entered into a services agreement (the “Agreement”), effective January 1, 1999, with Peerless Insurance Company (PIC) and other affiliates. The Agreement allows parties to the Agreement to provide services related to common management functions including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resources services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.

The Company entered into investment management agreements, effective May 26, 1999 with Liberty Mutual Insurance Company (LMIC), and effective May 1, 2000 with Liberty Mutual Investment Advisors LLC (LMIA). Under these agreements, LMIC and LMIA provide investment management services to the Company.

The Company entered into a cash management agreement with LMIA effective January 1, 2000.

The Company entered into a Federal Tax Sharing Agreement between LMIC and affiliates (see Note 9F).

The Company entered into a management services agreement, effective December 15, 2001, with Liberty Mutual Insurance Company (LMIC). Under the agreement, LMIC may provide services related to common management functions including, but not limited to, accounting, financial, tax and auditing, information technology and support, purchasing, payroll and employee benefits, policy administration, real estate management, legal, general administration, as well as consulting and other services as the parties may request.

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company has no investments in subsidiary, controlled or affiliated companies. .
- J. Not applicable

**Note 11- Debt**

- A. Capital Notes
- Not applicable
- B. All Other Debt
- Not applicable

**Note 12- Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of an intercompany cost-sharing arrangement as described in note 10 F.

NOTES TO FINANCIAL STATEMENTS

Note 13- Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

1. Common Stock
- The Company has 50,000 shares authorized, and 38,000 shares issued and outstanding as of December 31, 2005. All shares have a stated par value of \$100.
2. Preferred Stock
- Not applicable
3. Dividend Restrictions
- There are no dividend restrictions.
4. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is 10% of policyholder surplus less any dividends paid in the preceding twelve months. The maximum dividend payout that may be made without prior approval in 2006 is \$6,574,474.
5. The Company does not have restricted unassigned surplus.
6. The Company had no advances to surplus.
7. The Company did not hold stock for special purposes.
8. The Company does not hold special surplus funds.
9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$0.
10. Surplus Notes
- Not applicable
11. Quasi re-organization (dollar impact)
- Not applicable
12. Quasi re-organization (effective date)
- Not applicable

Note 14- Contingencies

- A. Contingent Commitments
- The Company has no commitments or contingent commitments to affiliates or other entities as indicated in Note 10 E and the Company has made no guarantees on behalf of affiliates.
- B. Assessments
- The Company is subject to guaranty funds and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred.
- As a result of an inter-company Reinsurance Agreement (see Note 26), all guaranty fund and other assessments liabilities are ceded to Peerless Insurance Company.
- C. Gain Contingencies
- Not applicable
- D. All other Contingencies
- Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

Note 15- Leases

- A. The Company is not involved in material lease obligations.
- B. Leasing as a significant part of lessor’s business activities
- Not applicable

NOTES TO FINANCIAL STATEMENTS

**Note 16- Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

The Company is not exposed to financial instruments with off-balance sheet risk or with concentrations of credit risk.

**Note 17- Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

- A. Transfers of Receivables reported as sales

The Company did not have any transfers of receivables reported as sales during the year.

- B. Transfers and servicing of financial assets

The Company did not have any transfers and servicing of financial assets during the year.

- C. Wash Sales

The Company did not have any wash sales transactions during the year.

**Note 18-Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans**

- A. Administrative Services Only (ASO) Plans

Not applicable

- B. Administrative Services Contract (ASC) Plans

Not applicable

- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

**Note 19- Direct Premium Written/Produced by Managing General Agents/ Third Party Administrators**

The Company has no direct premiums written through managing general agents or third party administrators.

**Note 20 – September 11 Events**

As a result of the inter-company Reinsurance Agreement with Peerless Insurance Company (see Note 26), the Company has no exposure to losses arising from the September 11, 2001 World Trade Center disaster.

**Note 21- Other Items**

- A. The Company has no extraordinary items to report.

- B. Troubled Debt Restructuring for Debtors

Not applicable

- C. Other Disclosures

- 1) Assets in the amount of \$2,554,885 and \$2,960,724 as of December 31, 2005 and 2004, respectively, were on deposit with government authorities or trustees as required by law.

- D. As a result of the inter-company Reinsurance Agreement with Peerless Insurance Company (see Note 26), the Company has no exposure to uncollectible premium receivable balances.

- E. Business Interruption Insurance Recoveries

The Company does not purchase Business Interruption coverage.

- F. Additional Pension and Postretirement Disclosure Requirements

Refer to Note 12.

**Note 22- Events Subsequent**

There were no events subsequent to December 31, 2005 that would require disclosure.

**Note 23- Reinsurance**

- A. Excluding amounts arising pursuant to the inter-company Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer that exceed 3% of policyholders surplus.

- B. There are no reinsurance recoverables in dispute from an individual reinsurer that exceed 5% of the Company's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company’s assumed and ceded reinsurance were canceled as of December 31, 2005.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$0	\$0	\$119,170,832	\$16,783,191	(\$119,170,832)	(\$16,783,191)
All Other	0	0	0	0	0	0
Total	\$0	\$0	\$119,170,832	\$16,783,191	(\$119,170,832)	(\$16,783,191)

Direct unearned premium reserve of \$119,170,832

2. There are no sliding scale adjustments, or other profit sharing commissions for direct, assumed or ceded business. Following are the contingent commissions for direct, assumed and ceded business.

Direct	\$2,064,390
Assumed	0
Ceded	(2,064,390)
Net	\$0

- D. The Company did not write off any uncollectible balances in 2005.
- E. The Company does not have ceded commutations.
- F. The Company does not have any retroactive reinsurance agreements.
- G. The Company has not entered into any deposit type reinsurance agreements as of December 31, 2005.

**Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

The Company does not have net accrued retrospective premiums.

**Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

As a result of the inter-company Reinsurance Agreement with Peerless Insurance Company (see Note 26), the Company has no exposure to changes in incurred losses and loss adjustment expenses.

**Note 26- Intercompany Pooling Arrangements**

The Company is a member of the Peerless Insurance Company (PIC) Inter-Company Reinsurance Agreement consisting of the following affiliated companies:

		NAIC Co. #	Pooling %	Lines of Business
Lead Company	Peerless Insurance Company (PIC)	24198	70.93%	All Lines
Affiliated Pool Companies:	Peerless Indemnity Insurance Company (PIIC)	18333	0.30%	All Lines
	Golden Eagle Insurance Corporation (GEIC)	10836	13.25%	All Lines
				(Except WC)
	Indiana Insurance Company (IIC)	22659	12.25%	All Lines
	The Netherlands Insurance Company (NIC)	24171	3.27%	All Lines
	Montgomery Mutual Insurance Company (MMC)	14613	0.00%	All Lines
	Excelsior Insurance Company (EIC)	11045	0.00%	All Lines
	Consolidated Insurance Company (CIC)	22640	0.00%	All Lines
	America First Insurance Company (AFIC)	12696	0.00%	All Lines
	Merchants and Business Men’s Mutual Insurance Company (M&B)	14486	0.00%	All Lines
	Colorado Casualty Insurance Company (CCIC)	41785	0.00%	All Lines
	America First Lloyd’s Insurance Company (AFLIC)	11526	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	National Insurance Association (NIA)	27944	0.00%	All Lines
	Mid-America Fire & Casualty Company (MAFCC)	23507	0.00%	All Lines
	Globe American Casualty Company (GACC)	11312	0.00%	All Lines
	American Ambassador Casualty Company (AACC)	10073	0.00%	All Lines
	Hawkeye-Security Insurance Company (HSIC)	36919	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

Under the terms of the Reinsurance Agreement, the sequence of transactions is as follows:

- (a) Each Affiliated Pool Company cedes its net underwriting activity to the lead company.
- (b) Each 100% Quota Share Affiliated Company cedes its net underwriting activity to PIIC.
- (c) After recording the assumed affiliate transactions noted above, the lead company records 100% of its external assumed and ceded reinsurance activity.
- (d) The lead company’s remaining underwriting activity, after processing all internal and external reinsurance is retroceded to the pool members in accordance with each company’s pool participation percentage, as noted above.
- (e) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (g) The write-off of uncollectible reinsurance is pooled and the Provision for Reinsurance is recognized by the entity placing the outbound external reinsurance.

Pursuant to the approval of the appropriate State Insurance Departments, effective January 1, 2005:

The PIC pool participation percentages were revised as follows:

	2005	2004
Peerless Insurance Company	70.93%	41.59%
Peerless Indemnity Insurance Company	0.30%	27.36%
Montgomery Mutual Insurance Company	0.00%	2.28%

**Note 27- Structured Settlements**

- A. As a result of the inter-company Reinsurance Agreement with Peerless Insurance Company (see Note 26), the Company has no exposure to contingent liabilities from the purchase of annuities.
- B. Not applicable

**Note 28 - Health Care Receivables**

Not applicable

**Note 29 - Participating Policies**

Not applicable

**Note 30 – Premium Deficiency Reserves**

As a result of the inter-company Reinsurance Agreement with Peerless Insurance Company (see Note 26), the Company has no exposure to liabilities related to premium deficiency reserves.

**Note 31- High Dollar Deductible Policies**

As a result of the inter-company Reinsurance Agreement with Peerless Insurance Company (see Note 26), the Company does not have any high dollar deductible policies.

**Note 32- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses**

Not applicable

**Note 33 - Asbestos/Environmental Reserves**

As a result of the inter-company Reinsurance Agreement with Peerless Insurance Company (see Note 26), the Company has no exposure to asbestos and environmental claims.

**Note 34- Subscriber Savings Accounts**

The Company is not a reciprocal insurance company.

**Note 35 - Multiple Peril Crop Insurance**

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	29,310,982	45.005	29,310,982	45.005
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	14,247,625	21.876	14,247,625	21.876
1.512 Issued or guaranteed by FNMA and FHLMC	7,341,122	11.272	7,341,122	11.272
1.513 All other	1,435,222	2.204	1,435,222	2.204
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	280,056	0.430	280,056	0.430
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other	190,883	0.293	190,883	0.293
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	10,747,619	16.502	10,747,619	16.502
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	165		165	
8. Cash, cash equivalents and short-term investments	1,574,287	2.417	1,574,287	2.417
9. Other invested assets				
10. Total invested assets	65,127,961	100.000	65,127,961	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

New Hampshire

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 ☒

2.2

If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1

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

12/31/2004

3.2

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

12/31/2001

3.3

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

06/01/2004

3.4

By what department or departments? State of New Hampshire Insurance Department

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒

5.1

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

Yes ☐ No ☒

5.2

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

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

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒

6.2

If yes, give full information

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

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

Yes ☐ No ☒

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 ☒



GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP  
200 Clarendon Street, Boston MA 02116

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? William M. Finn, FCAS MAAA,  
62 Maple Avenue, Keene, NH, 03431  
Vice President & Chief Reserving Actuary of Liberty Mutual Agency Markets

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ☐ ] No [ ☒ ]

11.11 Name of real estate holding company

\_\_\_\_\_

11.12 Number of parcels involved

\_\_\_\_\_

11.13 Total book/adjusted carrying value

\$ \_\_\_\_\_

11.2 If yes, provide explanation  
\_\_\_\_\_

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
\_\_\_\_\_

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ ☐ ] No [ ☒ ]

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes [ ☐ ] No [ ☒ ]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ☐ ] No [ ☐ ] N/A [ ☒ ]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [ ☒ ] No [ ☐ ]

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [ ☒ ] No [ ☐ ]

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the [domiciliary] duties of such person?

No [ ☒ ] Yes [ ☐ ]

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

\$ \_\_\_\_\_

16.12 To stockholders not officers

\$ \_\_\_\_\_

16.13 Trustees, supreme or grand (Fraternal only)

\$ \_\_\_\_\_

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

\$ \_\_\_\_\_

16.22 To stockholders not officers

\$ \_\_\_\_\_

16.23 Trustees, supreme or grand (Fraternal only)

\$ \_\_\_\_\_

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [ ☐ ] No [ ☒ ]

17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

\$ \_\_\_\_\_

17.22 Borrowed from others

\$ \_\_\_\_\_

17.23 Leased from others

\$ \_\_\_\_\_

17.24 Other

\$ \_\_\_\_\_

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [ ☐ ] No [ ☒ ]

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

\$ \_\_\_\_\_

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

18.22 Amount paid as expenses

18.23 Other amounts paid

\$

\$

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

Yes [ X ] No [   ]

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

\$

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [ X ] No [   ]

20.2 If no, give full and complete information, relating thereto

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes [   ] No [ X ]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

21.3 For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [   ] No [ X ]

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

Yes [   ] No [   ] N/A [ X ]

If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [   ] No [ X ]

23.2 If yes, state the amount thereof at December 31 of the current year.

\$

24. Excluding items in Schedule E, 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 Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes [ X ] No [   ]

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

1	2
Name of Custodian(s)	Custodian's Address
JP MORGAN CHASE	3 Chase Metro Tech Center, Brooklyn, NY 11245

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

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

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [   ] No [ X ]

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

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

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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

1 Central Registration Depository Number(s)	2 Name	3 Address

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

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999    Total		

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1   Bonds	65,127,796	65,002,384	(125,412)
26.2   Preferred stocks			
26.3   Totals	65,127,796	65,002,384	(125,412)

26.4 Describe the sources or methods utilized in determining the fair values:      IDC, Bloomberg, NAIC, SVO, Broker Quotes, Analytically Determined

.....

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securittes Valuation Office been followed?      Yes [ X ]    No [   ]

27.2 If no, list exceptions: .....

.....

**OTHER**

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?      \$ \_\_\_\_\_

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

1 Name	2 Amount Paid
	\$
	\$
	\$

29.1 Amount of payments for legal expenses, if any?      \$ \_\_\_\_\_

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$
- 30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

YES [ ] NO [X]

1.2

If yes, indicate premium earned on U. S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

\$

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

\$

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

\$

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

\$

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

\$

2.2

Premium Denominator

\$

\$

2.3

Premium Ratio (2.1/2.2)

2.4

Reserve Numerator

\$

\$

2.5

Reserve Denominator

\$

\$

2.6

Reserve Ratio (2.4/2.5)

3.1

Does the reporting entity issue both participating and non-participating policies?

YES [X] NO [ ]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies

\$

5,225,654

3.22

Non-participating policies

\$

250,136,909

4.

For Mutual Reporting Entities and Reciprocal Exchange only:

4.1

Does the reporting entity issue assessable policies?

YES [ ] NO [X]

4.2

Does the reporting entity issue non-assessable policies?

YES [ ] NO [X]

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

YES [ ] NO [X]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

YES [ ] NO [ ] N/A [X]

5.22

As a direct expense of the exchange

YES [ ] NO [ ] N/A [X]

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

YES [ ] NO [X]

5.5

If yes, give full information

17

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:

In 2005 the Company purchased Worker's Compensation Catastrophe reinsurance, separately and/or with the Liberty Mutual Group with limits of \$675m xs. \$25m

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

The Company tracks aggregate property and WC exposure and reviews quarterly. It uses RiskLink from RMS and AIR from AIR for EQ and wind. It uses RiskLink for WC. Concentrations are in the NE for wind and New Madrid for EQ.

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

In 2005 the Company purchased Property Catastrophe reinsurance, separately and/or with the Liberty Mutual Group with limits of \$1,300m xs. \$50m. The coverage is sufficient to protect against the Company's 250 year event.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

YES ☒ NO ☐

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

YES ☐ NO ☒

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

YES ☐ NO ☒

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

YES ☐ NO ☒

8.2

If yes, give full information

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a)

A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b)

A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c)

Aggregate stop loss reinsurance coverage;

(d)

An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;

(e)

A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f)

Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

YES ☐ NO ☒

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a)

The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b)

Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.

YES ☐ NO ☒

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatroy 9:

(a)

The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b)

A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c)

A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a)

Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b)

Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

YES ☐ NO ☒

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

YES ☐ NO ☐ N/A ☒

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

YES ☐ NO ☒

11.2

If yes, give full information

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

YES [ ] NO [ ] N/A [ X ]

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

YES [ ] NO [ X ]

12.6

If yes, state the amount thereof at December 31 of current year:

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

What amount of installment notes is owned and now held by the reporting entity?

\$

13.2

Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

YES [ ] NO [ X ]

13.3

If yes, what amount?

\$

14.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

14.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

YES [ ] NO [ X ]

14.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

3

15.1

Is the company a cedant in a multiple cedant reinsurance contract?

YES [ X ] NO [ ]

15.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:  
Premiums and recoverables were allocated pursuant to separate intercompany pooling agreements.

15.3

If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

YES [ ] NO [ X ]

15.4

If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements?

YES [ X ] NO [ ]

15.5

If the answer to 15.4 is no, please explain:

16.1

Has the reporting entity guaranteed any financed premium accounts?

YES [ ] NO [ X ]

16.2

If yes, give full information

17.1

Does the reporting entity write any warranty business?

YES [ ] NO [ X ]

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

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home	\$	\$	\$	\$	\$
17.12 Products	\$	\$	\$	\$	\$
17.13 Automobile	\$	\$	\$	\$	\$
17.14 Other*	\$	\$	\$	\$	\$

\* Disclose type of coverage:

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5.

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

18.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.12 Unfunded portion of Interrogatory 18.11

18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11

18.14 Case reserves portion of Interrogatory 18.11

18.15 Incurred but not reported portion of Interrogatory 18.11

18.16 Unearned premium portion of Interrogatory 18.11

18.17 Contingent commission portion of Interrogatory 18.11

YES [ ] NO [X]

\$

\$

\$

\$

\$

\$

\$

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

18.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.19 Unfunded portion of Interrogatory 18.18

18.20 Paid losses and loss adjustment expenses portion of Interrogatory 18.18

18.21 Case reserves portion of Interrogatory 18.18

18.22 Incurred but not reported portion of Interrogatory 18.18

18.23 Unearned premium portion of Interrogatory 18.18

18.24 Contingent commission portion of Interrogatory 18.18

\$

\$

\$

\$

\$

\$

\$



FIVE-YEAR HISTORICAL DATA

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

	1 2005	2 2004	3 2003	4 2002	5 2001
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	125,608,193	106,600,522	91,780,715	76,380,737	43,384,982
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	32,664,309	33,175,134	29,023,178	22,773,162	11,127,264
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	97,090,061	91,922,818	86,303,128	72,670,356	39,646,738
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					(558,134)
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
6. Total (Line 34)	255,362,563	231,698,474	207,107,021	171,824,255	93,600,850
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					(11,819,563)
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					(5,763,815)
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					(9,186,228)
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					(558,134)
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
12. Total (Line 34)					(27,327,740)
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	3,596,772	3,626,393	2,699,856	3,906,343	7,343,007
15. Total other income (Line 15)	(173)	(139)		409,384	553,612
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	369,125	258,212	(372,773)	167,468	(697,806)
18. Net income (Line 20)	3,227,474	3,368,042	3,072,629	4,148,259	8,594,425
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	84,505,033	77,223,021	72,664,182	65,216,809	72,888,938
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)			(2)		
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	18,760,289	15,058,901	16,703,176	9,547,897	23,419,011
22. Losses (Page 3, Lines 1 and 2)				613	3,492
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 28 & 29)	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
26. Surplus as regards policyholders (Page 3, Line 35)	65,744,744	62,164,120	55,961,006	55,668,912	49,469,927
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital	65,744,744	62,164,120	55,961,006	55,668,912	49,469,927
28. Authorized control level risk-based capital	267,717	194,912	305,147	440,062	537,118
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	97.6	96.3	96.5	98.7	86.8
30. Stocks (Lines 2.1 & 2.2)					4.4
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash, cash equivalents and short-term investments (Line 5)	2.4	3.7	3.5	1.3	8.9
34. Contract loans (Line 6)				XXX	XXX
35. Other invested assets (Line 7)					
36. Receivables for securities (Line 8)					
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44					
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
<b>Capital and Surplus Accounts</b> (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)			201,448	(5,955)	165,475
48. Dividends to stockholders (Line 35)					
49. Change in surplus as regards policyholders for the year (Line 38)	3,580,624	6,203,114	292,094	6,198,985	8,730,238
<b>Gross Losses Paid</b> (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	49,466,411	45,603,352	35,105,483	30,702,576	49,091,374
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	11,152,613	9,380,173	9,537,845	7,009,641	8,929,665
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	30,446,694	32,475,407	27,822,468	20,217,251	32,492,861
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					216,473
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					449,965
55. Total (Line 34)	91,065,718	87,458,932	72,465,796	57,929,468	91,180,338
<b>Net Losses Paid</b> (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					25,912,205
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)					1,043,933
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					10,897,373
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					216,473
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					449,965
61. Total (Line 34)					38,519,949
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)					
64. Loss expenses incurred (Line 3)					
65. Other underwriting expenses incurred (Line 4)					
66. Net underwriting gain (loss) (Line 8)					
<b>Other Percentages</b>					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)					2.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)					(55.2)
<b>One Year Loss Development (000 omitted)</b>					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)					
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)					
<b>Two Year Loss Development (000 omitted)</b>					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)					
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)					

**SCHEDULE D - SUMMARY BY COUNTRY**  
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
<b>BONDS</b>  Governments (Including all obligations guaranteed by governments)	1. United States .....	43,558,607	43,247,237	43,653,310	43,401,870
	2. Canada .....				
	3. Other Countries .....				
	4. Totals	43,558,607	43,247,237	43,653,310	43,401,870
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	8. Totals				
	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	12. Totals				
	13. United States .....	7,621,178	7,591,545	7,620,395	7,662,426
	14. Canada .....				
	15. Other Countries .....				
Public Utilities (unaffiliated)	16. Totals	7,621,178	7,591,545	7,620,395	7,662,426
	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	20. Totals				
	21. United States .....	11,404,391	11,578,115	11,425,190	16,403,406
	22. Canada .....				
	23. Other Countries .....	969,333	1,011,200	926,951	1,000,000
Parent, Subsidiaries and Affiliates	24. Totals	12,373,724	12,589,315	12,352,141	17,403,406
	25. Totals				
	<b>26. Total Bonds</b>	63,553,509	63,428,097	63,625,846	68,467,702
<b>PREFERRED STOCKS</b>  Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	<b>40. Total Preferred Stocks</b>				
<b>COMMON STOCKS</b>  Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	<b>54. Total Common Stocks</b>				
	55. Total Stocks				
	56. Total Bonds and Stocks	63,553,509	63,428,097	63,625,846	

**SCHEDULE D - VERIFICATION BETWEEN YEARS**  
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year .....	60,532,884	7. Amortization of premium .....	102,502
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	19,057,581	8. Foreign Exchange Adjustment:	
3. Accrual of discount .....	58,156	8.1 Column 15, Part 1 .....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1 .....	
4.1 Columns 12 - 14, Part 1 .....		8.3 Column 16, Part 2, Section 2 .....	
4.2 Column 15 - 17, Part 2, Section 1 .....		8.4 Column 15, Part 4 .....	
4.3 Column 15, Part 2, Section 2 .....		9. Book/adjusted carrying value at end of current period .....	63,553,509
4.4 Column 11 - 13, Part 4 .....		10. Total valuation allowance .....	
5. Total gain (loss), Column 19, Part 4 .....	622,751	11. Subtotal (Lines 9 plus 10) .....	63,553,509
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	16,615,361	12. Total nonadmitted amounts .....	
		13. Statement value of bonds and stocks, current period .....	63,553,509

SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P-PART 1-SUMMARY  
(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred		Premiums Earned			Loss and Loss Expense Payments								12
		1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
					4	5	6	7	8	9			
		Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1.	Prior	X X X	X X X	X X X	2,630	2,630	201	201	13	13			X X X
2.	1996	53,130	53,130		25,823	25,823	3,124	3,124	2,580	2,580			X X X
3.	1997	58,381	58,381		28,784	28,784	2,918	2,918	2,797	2,797	39		X X X
4.	1998	61,231	61,231		31,777	31,777	3,220	3,220	2,931	2,931	1,182		X X X
5.	1999	64,952	64,952		39,427	39,427	3,393	3,393	3,446	3,446	204		X X X
6.	2000	84,990	84,990		58,078	58,078	4,041	4,041	3,280	3,280	603		X X X
7.	2001	105,950	105,950		57,246	57,246	3,665	3,665	854	854	1,701		X X X
8.	2002	150,667	150,667		65,663	65,663	4,137	4,137	996	996	1,837		X X X
9.	2003	191,108	191,108		71,469	71,469	4,980	4,980	1,494	1,494	3,528		X X X
10.	2004	221,599	221,599		57,190	57,190	2,997	2,997	1,183	1,183	2,051		X X X
11.	2005	246,926	246,926		34,602	34,602	1,653	1,653	878	878	1,187		X X X
12.	Totals	X X X	X X X	X X X	472,689	472,689	34,329	34,329	20,452	20,452	12,332		X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23  Salvage and Subrogation Anticipated	24  Total Net Losses and Expenses Unpaid	25  Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13  Direct and Assumed	14  Ceded	15  Direct and Assumed	16  Ceded	17  Direct and Assumed	18  Ceded	19  Direct and Assumed	20  Ceded	Direct and Assumed	Ceded			
1. Prior	2,889	2,889	1,126	1,126			103	103	209	209			X X X
2. 1996	285	285	594	594			150	150	59	59			X X X
3. 1997	924	924	761	761			248	248	97	97			X X X
4. 1998	1,967	1,967	983	983			345	345	174	174			X X X
5. 1999	988	988	1,498	1,498			439	439	190	190			X X X
6. 2000	4,620	4,620	2,122	2,122			679	679	386	386			X X X
7. 2001	5,612	5,612	3,513	3,513			1,510	1,510	695	695			X X X
8. 2002	8,574	8,574	6,151	6,151			2,467	2,467	1,207	1,207			X X X
9. 2003	17,909	17,909	12,070	12,070			4,454	4,454	2,927	2,927			X X X
10. 2004	23,062	23,062	25,439	25,439			6,875	6,875	5,422	5,422			X X X
11. 2005	34,107	34,107	50,123	50,123			10,798	10,798	9,344	9,344			X X X
12. Totals	100,937	100,937	104,380	104,380			28,068	28,068	20,710	20,710			X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26  Direct and Assumed	27  Ceded	28  Net	29  Direct and Assumed	30  Ceded	31  Net	32  Loss	33  Loss Expense	Inter-Company Pooling Participation Percentage	35  Losses Unpaid	36  Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2. 1996	32,615	32,615		61.387	61.387						
3. 1997	36,529	36,529		62.570	62.570						
4. 1998	41,397	41,397		67.608	67.608						
5. 1999	49,381	49,381		76.027	76.027						
6. 2000	73,206	73,206		86.135	86.135						
7. 2001	73,095	73,095		68.990	68.990						
8. 2002	89,195	89,195		59.200	59.200						
9. 2003	115,303	115,303		60.334	60.334						
10. 2004	122,168	122,168		55.130	55.130						
11. 2005	141,505	141,505		57.307	57.307						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X		

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

**NONE                      Schedule P - Part 2, 3, 4 - Summary**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.		1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
			2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	NO								
2. Alaska	AK	NO								
3. Arizona	AZ	NO								
4. Arkansas	AR	NO								
5. California	CA	NO								
6. Colorado	CO	NO								
7. Connecticut	CT	YES	26,395,960	26,745,433	471,652	10,994,705	11,912,926	23,638,469	120,210	
8. Delaware	DE	YES	3,269,396	2,538,652	2,505	367,718	3,111,267	2,994,627	14,889	
9. Dist. Columbia	DC	YES	390,892	287,610		13,532	112,190	128,807	1,780	
10. Florida	FL	YES		(4)		3,060	16,801	13,831		
11. Georgia	GA	YES	6,683,505	7,099,137		2,559,747	5,860,606	6,542,527	30,437	
12. Hawaii	HI	NO								
13. Idaho	ID	NO								
14. Illinois	IL	NO	2,036	1,250	406				9	
15. Indiana	IN	YES	(5,109)	1,127	2,337		292	607	(23)	
16. Iowa	IA	NO								
17. Kansas	KS	NO								
18. Kentucky	KY	YES	1,453	7,120		1,208	2,969	3,203	7	
19. Louisiana	LA	NO								
20. Maine	ME	YES	9,207,296	5,659,758	64,163	1,053,473	1,755,330	2,944,883	41,931	
21. Maryland	MD	YES	8,361,710	6,540,426	(90)	1,363,450	3,596,959	3,516,951	38,080	
22. Massachusetts	MA	YES	5,767,155	4,945,996	11,320	917,494	1,898,247	2,335,228	26,264	
23. Michigan	MI	NO	1,436	479					7	
24. Minnesota	MN	NO								
25. Mississippi	MS	NO								
26. Missouri	MO	NO								
27. Montana	MT	NO								
28. Nebraska	NE	NO								
29. Nevada	NV	NO								
30. New Hampshire	NH	YES	6,954,462	6,534,180	39,626	4,200,422	4,691,863	6,961,755	31,671	
31. New Jersey	NJ	YES	76,481,517	75,991,931	62,063	23,912,460	38,050,031	59,179,195	348,304	
32. New Mexico	NM	NO								
33. New York	NY	YES	60,386,965	60,390,607	140,380	22,590,432	31,982,720	46,537,439	275,008	
34. No. Carolina	NC	YES	8,258,547	8,023,415	31,117	4,694,878	6,834,473	12,893,855	37,610	
35. No. Dakota	ND	NO								
36. Ohio	OH	NO								
37. Oklahoma	OK	NO								
38. Oregon	OR	NO								
39. Pennsylvania	PA	YES	32,880,539	31,467,617	3,403	9,379,671	15,620,964	24,916,074	149,741	
40. Rhode Island	RI	YES	(13,759)	(908)					(63)	
41. So. Carolina	SC	NO	1,768	1,825					8	
42. So. Dakota	SD	NO								
43. Tennessee	TN	NO	1,355	935					6	
44. Texas	TX	NO								
45. Utah	UT	NO								
46. Vermont	VT	YES	4,203,614	4,570,652	15,168	2,101,281	3,606,998	5,725,894	19,144	
47. Virginia	VA	YES	6,131,825	6,118,182	44,992	6,912,186	4,334,238	6,986,783	27,925	
48. Washington	WA	NO								
49. West Virginia	WV	NO								
50. Wisconsin	WI	NO								
51. Wyoming	WY	NO								
52. American Samoa	AS	NO								
53. Guam	GU	NO								
54. Puerto Rico	PR	NO								
55. U.S. Virgin Islands	VI	NO								
56. Canada	CN	NO								
57. Aggregate other alien	OT	X X X								
58. Totals	(a)	18	255,362,563	246,925,420	889,042	91,065,717	133,388,874	205,320,128	1,162,945	

DETAILS OF WRITE-INS									
5701.	X X X								
5702.	X X X								
5703.	X X X								
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X								
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	X X X								

Explanation of basis of allocation of premiums by states, etc.	
*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	
*States of Jurisdiction under which payrolls and resulting premiums are developed - Worker's Compensation	*Location of Court - Surety
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage	*Address of Assured - Other Accident and Health
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity	*Location of Properties covered - Burglary and Theft
*Point of origin of shipment or principal location of assured - Inland Marine	*Principal Location of Assured - Ocean Marine, Credit
*State in which employees regularly work - Group Accident and Health	*Primary residence of Assured - Aircraft (all perils)

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

