

ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL FIRE INSURANCE COMPANY

of **WAUSAU**

in the state of **WISCONSIN**

TO THE

Insurance Department

OF THE

STATE OF

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

PROPERTY AND CASUALTY

2005



23035200520100100

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

NAIC Group Code 0111 0111 NAIC Company Code 23035 Employer's ID Number 04-1924000
Organized under the Laws of Wisconsin, State of Domicile or Port of Entry Wisconsin
Country of Domicile United States of America
Incorporated/Organized: October 31, 1908 Commenced Business: November 5, 1908
Statutory Home Office: 2000 Westwood Drive Wausau, WI 54401
Main Administrative Office: 175 Berkeley Street Boston, MA 02117 617-357-9500
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.LibertyMutual.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: 175 Berkeley Street Boston, MA 02117 617-357-9500 41015

OFFICERS

Table with 2 columns: Name, Title. Rows include Edmund Francis Kelly (Chairman of the Board, President & CEO), Dexter Robert Legg (Vice President & Secretary), and Laurance Henry Soyer Yahia (Vice President & Treasurer).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Lists various officers such as James Paul Condrin, III, Gary Richard Gregg, Christopher Charles Mansfield, etc.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists directors/trustees such as James Paul Condrin, III, Edmund Francis Kelly, Dennis James Langwell, etc.

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.

(Signature) Edmund Francis Kelly
(Printed Name)
1. Chairman of the Board, President & CEO
(Title)
(Signature) Dexter Robert Legg
(Printed Name)
2. Vice President & Secretary
(Title)
(Signature) Laurance Henry Soyer Yahia
(Printed Name)
3. Vice President & Treasurer
(Title)

Subscribed and sworn to before me this
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)	2,106,522,805		2,106,522,805	1,911,210,393
2. Stocks (Schedule D):				
2.1 Preferred stocks	4,519,696		4,519,696	7,307,286
2.2 Common stocks	209,037,368		209,037,368	226,403,422
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 (\$ 3,179,697, Schedule E-Part 1), cash equivalents (\$ 0 Schedule E-Part 2) and short-term investments (\$ 50,616,455, Schedule DA)	53,796,152		53,796,152	65,949,371
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	100,102,546		100,102,546	82,910,316
8. Receivables for securities	719,859		719,859	10,659,628
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	2,474,698,426		2,474,698,426	2,304,440,416
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	21,354,683		21,354,683	18,757,646
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	72,804,066	2,869,937	69,934,129	67,138,962
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	206,978,256		206,978,256	191,577,831
13.3 Accrued retrospective premiums	78,327,938	7,917,869	70,410,069	76,682,925
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	352,997	352,997		
16.1 Current federal and foreign income tax recoverable and interest thereon	3,673,739		3,673,739	2,645,344
16.2 Net deferred tax asset	100,366,000	13,107,975	87,258,025	58,558,300
17. Guaranty funds receivable or on deposit	5,662,254		5,662,254	5,628,129
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	142,930		142,930	
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	80,266,155	3,566,588	76,699,567	48,659,062
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,044,627,444	27,815,366	3,016,812,078	2,774,088,615
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	3,044,627,444	27,815,366	3,016,812,078	2,774,088,615

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. Cash surrender value-life insurance	21,508,453		21,508,453	18,940,918
2302. Other assets	29,659,260	2,636,242	27,023,018	3,532,250
2303. Equities and deposits in pools and associations	3,147,703		3,147,703	3,019,071
2398. Summary of remaining write-ins for Line 23 from overflow page	25,950,739	930,346	25,020,393	23,166,823
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	80,266,155	3,566,588	76,699,567	48,659,062

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	1,420,713,713	1,339,024,139
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)	290,974,608	255,401,951
4. Commissions payable, contingent commissions and other similar charges	14,125,650	13,603,862
5. Other expenses (excluding taxes, licenses and fees)	39,908,999	49,072,851
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	29,970,925	30,355,854
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
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 \$ 2,760,896,080 and including warranty reserves of \$ 0)	419,930,093	403,391,948
10. Advance premium	5,144,195	3,750,178
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	349,083	1,101,146
12. Ceded reinsurance premiums payable (net of ceding commissions)		
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	9,963,305	378,157
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	47,179,466	36,807,246
19. Payable to parent, subsidiaries and affiliates	15,496,183	45,288,657
20. Payable for securities	7,528,820	39,546,507
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	(114,447,132)	(116,378,423)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	2,186,837,908	2,101,344,073
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	2,186,837,908	2,101,344,073
27. Aggregate write-ins for special surplus funds	117,477,065	113,937,022
28. Common capital stock	10,000,000	10,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
31. Surplus notes		
32. Gross paid in and contributed surplus	175,000,000	75,000,000
33. Unassigned funds (surplus)	526,247,105	472,557,520
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)	829,974,170	672,744,542
36. TOTALS (Page 2, Line 26, Col. 3)	3,016,812,078	2,774,088,615

DETAILS OF WRITE-INS		
2301. Pooled retroactive reinsurance	(225,732,665)	(221,016,568)
2302. Other liabilities	40,116,826	37,324,886
2303. Amounts held under uninsured plans	71,168,707	67,313,259
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(114,447,132)	(116,378,423)
2701. Special surplus from retroactive reinsurance	117,477,065	113,937,022
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)	117,477,065	113,937,022
3001. Guaranty funds	1,250,000	1,250,000
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)	1,250,000	1,250,000

STATEMENT OF INCOME		1	2
		Current Year	Prior Year
UNDERWRITING INCOME			
1. Premiums earned (Part 1, Line 34, Column 4)		1,035,969,094	970,017,487
DEDUCTIONS			
2. Losses incurred (Part 2, Line 34, Column 7)		660,716,636	644,870,788
3. Loss expenses incurred (Part 3, Line 25, Column 1)		195,271,421	158,276,093
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		258,382,758	241,429,963
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)		1,114,370,815	1,044,576,844
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		(78,401,721)	(74,559,357)
INVESTMENT INCOME			
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)		115,733,865	111,120,233
10. Net realized capital gains (losses) less capital gains tax of \$ 9,443,649 (Exhibit of Capital Gains (Losses))		17,536,443	16,958,611
11. Net investment gain (loss) (Lines 9 + 10)		133,270,308	128,078,844
OTHER INCOME			
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 168,935 amount charged off \$ 3,771,112)		(3,602,177)	(4,670,754)
13. Finance and service charges not included in premiums		5,669,221	5,945,767
14. Aggregate write-ins for miscellaneous income		(13,315,209)	(19,554,445)
15. Total other income (Lines 12 through 14)		(11,248,165)	(18,279,432)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)		43,620,422	35,240,055
17. Dividends to policyholders		3,610,789	3,943,250
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)		40,009,633	31,296,805
19. Federal and foreign income taxes incurred		17,922,875	(3,328,959)
20. Net income (Line 18 minus Line 19) (to Line 22)		22,086,758	34,625,764
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		672,744,542	551,229,659
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20)		22,086,758	34,625,764
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 2,424,565		3,001,168	15,711,707
25. Change in net unrealized foreign exchange capital gain (loss)		(2,150,911)	(703,780)
26. Change in net deferred income tax		7,623,566	6,995,567
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		23,276,938	(23,304,327)
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		100,000,000	75,000,000
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		3,392,109	13,189,952
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)		157,229,628	121,514,883
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)		829,974,170	672,744,542
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. Other income/(expense)		(16,417,916)	(21,917,261)
1402. Retroactive reinsurance gain		3,102,707	2,362,816
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)		(13,315,209)	(19,554,445)
3701. Change in accumulated translation adjustment		3,392,109	13,189,952
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)		3,392,109	13,189,952

CASH FLOW		1	2
Cash from Operations		Current Year	Prior Year
1. Premiums collected net of reinsurance		1,043,531,049	973,921,186
2. Net investment income		113,926,887	111,223,649
3. Miscellaneous income		(24,152,486)	4,228,633
4. Total (Lines 1 through 3)		1,133,305,450	1,089,373,468
5. Benefit and loss related payments		568,033,061	628,397,720
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions		418,467,322	399,445,567
8. Dividends paid to policyholders		4,362,852	3,192,920
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		28,394,919	2,306,097
10. Total (Lines 5 through 9)		1,019,258,154	1,033,342,304
11. Net cash from operations (Line 4 minus Line 10)		114,047,296	56,031,164
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		889,587,665	972,267,481
12.2 Stocks		181,620,388	257,460,724
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets		34,053,214	22,894,716
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(3,258)	
12.7 Miscellaneous proceeds			2,045,232
12.8 Total investment proceeds (Lines 12.1 to 12.7)		1,105,258,009	1,254,668,153
13. Cost of investments acquired (long-term only):			
13.1 Bonds		1,072,657,234	1,164,968,009
13.2 Stocks		154,474,923	283,662,616
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets		39,450,209	25,826,528
13.6 Miscellaneous applications		21,389,369	
13.7 Total investments acquired (Lines 13.1 to 13.6)		1,287,971,735	1,474,457,153
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)		(182,713,726)	(219,789,000)
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		100,000,000	75,000,000
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)		(43,486,789)	124,752,987
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		56,513,211	199,752,987
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)		(12,153,219)	35,995,151
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year		65,949,371	29,954,220
19.2 End of year (Line 18 plus Line 19.1)		53,796,152	65,949,371

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

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	22,019,295	9,327,915	12,520,666	18,826,544
2. Allied lines	7,081,720	3,411,096	4,052,096	6,440,720
3. Farmowners multiple peril	740			740
4. Homeowners multiple peril	127,455,458	69,003,597	74,188,990	122,270,065
5. Commercial multiple peril	15,307,019	8,475,432	10,560,190	13,222,261
6. Mortgage guaranty				
8. Ocean marine	2,500,263	4,200,295	1,278,931	5,421,627
9. Inland marine	15,847,178	3,596,153	3,338,924	16,104,407
10. Financial guaranty				
11.1 Medical malpractice - occurrence	367	97		464
11.2 Medical malpractice - claims-made				
12. Earthquake	2,522,113	1,410,530	1,221,073	2,711,570
13. Group accident and health	6			6
14. Credit accident and health (group and individual)				
15. Other accident and health	19,749	876	6,550	14,075
16. Workers' compensation	352,351,627	(26,032,544)	(12,257,040)	338,576,123
17.1 Other liability - occurrence	50,622,264	15,392,383	17,368,218	48,646,429
17.2 Other liability - claims-made	18,082,651	6,571,855	7,958,252	16,696,254
18.1 Products liability - occurrence	11,614,614	881,299	4,586,461	7,909,452
18.2 Products liability - claims-made	348,414		262	348,152
19.1, 19.2 Private passenger auto liability	220,377,642	116,688,361	111,662,628	225,403,375
19.3, 19.4 Commercial auto liability	45,368,708	13,697,549	12,969,907	46,096,350
21. Auto physical damage	132,841,856	78,407,765	77,723,999	133,525,622
22. Aircraft (all perils)	6,639,453	1,869,156	1,659,857	6,848,752
23. Fidelity	454,286	184,142	217,170	421,258
24. Surety	19,492,816	9,929,073	11,270,243	18,151,646
26. Burglary and theft	68,519	29,316	32,126	65,709
27. Boiler and machinery	387,005	110,460	167,059	330,406
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	2,776,205	261,426	493,094	2,544,537
31. Reinsurance-Nonproportional Assumed Liability	5,429,047	715,932	582,499	5,562,480
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	1,059,609,015	318,132,164	341,602,155	1,036,139,024

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)				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience.

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	11,341,658	1,179,008			12,520,666
2. Allied lines	3,776,569	275,527			4,052,096
3. Farmowners multiple peril					
4. Homeowners multiple peril	73,848,426	340,564			74,188,990
5. Commercial multiple peril	10,519,604	40,586			10,560,190
6. Mortgage guaranty					
8. Ocean marine	1,187,664	91,267			1,278,931
9. Inland marine	3,138,891	200,033			3,338,924
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	1,161,205	59,868			1,221,073
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	6,550				6,550
16. Workers' compensation	50,687,535	3,063,778		(66,008,353)	(12,257,040)
17.1 Other liability - occurrence	17,955,057	4,145,822		(4,732,661)	17,368,218
17.2 Other liability - claims-made	6,720,193	1,238,059			7,958,252
18.1 Products liability - occurrence	3,414,208	3,036,414		(1,864,161)	4,586,461
18.2 Products liability - claims-made	262				262
19.1, 19.2 Private passenger auto liability	111,349,212	313,416			111,662,628
19.3, 19.4 Commercial auto liability	18,851,363	15,979		(5,897,435)	12,969,907
21. Auto physical damage	77,367,298	356,899		(198)	77,723,999
22. Aircraft (all perils)	1,728,417	(68,560)			1,659,857
23. Fidelity	203,242	13,928			217,170
24. Surety	6,398,906	4,696,466		174,871	11,270,243
26. Burglary and theft	32,126				32,126
27. Boiler and machinery	166,803	256			167,059
28. Credit	(7,457)	7,457			
29. International					
30. Reinsurance-Nonproportional Assumed Property	492,769	325			493,094
31. Reinsurance-Nonproportional Assumed Liability	573,808	8,691			582,499
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	400,914,309	19,015,783		(78,327,937)	341,602,155
35. Accrued retrospective premiums based on experience					78,327,938
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					419,930,093

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) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.
 Are they so returned in this statement? Yes [X] No []
- (b) State here basis of computation used in each case Daily pro rata.

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	259,329,456	22,019,295		259,329,456		22,019,295
2. Allied lines	107,597,923	7,081,720		107,597,923		7,081,720
3. Farmowners multiple peril		740				740
4. Homeowners multiple peril	1,239,802,258	127,455,458		1,239,802,258		127,455,458
5. Commercial multiple peril	36,123,416	15,307,019		36,123,416		15,307,019
6. Mortgage guaranty						
8. Ocean marine	3,705,348	2,500,263		3,705,348		2,500,263
9. Inland marine	37,372,525	15,847,178		37,372,525		15,847,178
10. Financial guaranty						
11.1 Medical malpractice - occurrence	(1,000)	367		(1,000)		367
11.2 Medical malpractice - claims-made						
12. Earthquake	28,346,537	2,522,113		28,346,537		2,522,113
13. Group accident and health		6				6
14. Credit accident and health (group and individual)						
15. Other accident and health		19,749				19,749
16. Workers' compensation	686,072,545	352,351,627		686,072,545		352,351,627
17.1 Other liability - occurrence	263,235,927	50,622,264		263,235,927		50,622,264
17.2 Other liability - claims-made	(295,794)	18,082,651		(295,794)		18,082,651
18.1 Products liability - occurrence	73,784,130	11,614,614		73,784,130		11,614,614
18.2 Products liability - claims-made	119,769	348,414		119,769		348,414
19.1, 19.2 Private passenger auto liability	1,626,220,661	220,377,642		1,626,220,661		220,377,642
19.3, 19.4 Commercial auto liability	310,938,271	45,368,709		310,938,272		45,368,708
21. Auto physical damage	1,162,790,388	132,841,857		1,162,790,389		132,841,856
22. Aircraft (all perils)		6,639,453				6,639,453
23. Fidelity	96,805	454,286		96,805		454,286
24. Surety	3,701,542	19,492,816		3,701,542		19,492,816
26. Burglary and theft	23,839	68,519		23,839		68,519
27. Boiler and machinery	3,528,061	387,005		3,528,061		387,005
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	2,776,205				2,776,205
31. Reinsurance-Nonproportional Assumed Liability	X X X	5,429,047				5,429,047
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	5,842,492,607	1,059,609,017		5,842,492,609		1,059,609,015

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
- If yes:
- The amount of such installment premiums \$ 699,864,443
 - Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 700,755,553

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	41,579,584	7,911,031	41,579,584	7,911,031	11,050,885	7,185,490	11,776,426	62.552
2. Allied lines	62,215,625	8,057,551	62,215,625	8,057,551	6,085,806	4,091,580	10,051,777	156.066
3. Farmowners multiple peril								
4. Homeowners multiple peril	762,913,875	80,227,546	762,913,875	80,227,546	25,533,966	30,921,063	74,840,449	61.209
5. Commercial multiple peril	54,113,593	12,332,499	54,113,593	12,332,499	23,252,197	25,535,373	10,049,323	76.003
6. Mortgage guaranty								
8. Ocean marine	2,179,557	1,502,623	2,179,557	1,502,623	4,446,349	6,401,642	(452,670)	(8.349)
9. Inland marine	12,597,642	8,139,208	12,597,642	8,139,208	9,324,708	4,286,961	13,176,955	81.822
10. Financial guaranty								
11.1 Medical malpractice - occurrence		13,517		13,517	(6,487)	11,018	(3,988)	(859.483)
11.2 Medical malpractice - claims - made								
12. Earthquake	420,000	61,724	420,000	61,724	65,510	128,622	(1,388)	(0.051)
13. Group accident and health		77,429		77,429	371,221	388,094	60,556	1,009,266.667
14. Credit accident and health (group and individual)								
15. Other accident and health		68,786		68,786	343,903	361,268	51,421	365.336
16. Workers' compensation	716,561,449	167,506,570	716,561,448	167,506,571	783,894,877	702,355,614	249,045,834	73.557
17.1 Other liability - occurrence	101,836,858	38,459,683	101,836,886	38,459,655	173,720,095	171,544,476	40,635,274	83.532
17.2 Other liability - claims - made	22,257	204,958	22,257	204,958	28,692,978	21,215,658	7,682,278	46.012
18.1 Products liability - occurrence	13,786,607	6,231,800	13,786,603	6,231,804	41,434,889	55,911,242	(8,244,549)	(104.237)
18.2 Products liability - claims - made	139,947	66,924	139,947	66,924	739,638	540,315	266,247	76.474
19.1, 19.2 Private passenger auto liability	887,641,743	137,914,099	887,641,743	137,914,099	194,645,527	199,463,679	133,095,947	59.048
19.3, 19.4 Commercial auto liability	158,265,718	23,308,471	158,265,680	23,308,509	65,066,513	60,139,909	28,235,113	61.252
21. Auto physical damage	591,875,390	67,775,916	591,875,390	67,775,916	(3,872,125)	(4,904,132)	68,807,923	51.532
22. Aircraft (all perils)		2,348,207		2,348,207	6,649,679	6,324,856	2,673,030	39.029
23. Fidelity		2,585		2,585	1,014,823	742,071	275,337	65.361
24. Surety		5,167,165		5,167,165	5,935,096	6,572,077	4,530,184	24.957
26. Burglary and theft		13,030		13,030	201,589	191,723	22,896	34.845
27. Boiler and machinery		53,882		53,882	(50,079)	10,409	(6,606)	(1.999)
28. Credit					1,404	1,498	(94)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	4,122,116		4,122,116	14,045,449	11,873,423	6,294,142	247.359
31. Reinsurance-Nonproportional Assumed Liability	X X X	6,796,393		6,796,393	27,891,959	27,543,504	7,144,848	128.447
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	9,446		9,446	233,343	186,707	56,082	
33. Aggregate write-ins for other lines of business								
34. TOTALS	3,406,149,845	578,373,159	3,406,149,830	578,373,174	1,420,713,713	1,339,024,140	660,062,747	63.704

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 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	97,113,426	7,584,412	97,113,426	7,584,412	21,359,357	3,466,473	21,359,357	11,050,885	1,021,861
2. Allied lines	203,310,383	5,529,442	203,310,383	5,529,442	4,001,959	556,364	4,001,959	6,085,806	665,015
3. Farmowners multiple peril								8,844	
4. Homeowners multiple peril	217,600,233	8,776,810	217,600,233	8,776,810	285,010,230	16,757,156	285,010,230	25,533,966	7,145,980
5. Commercial multiple peril	66,393,664	20,203,402	66,393,664	20,203,402	12,212,089	3,048,795	12,212,089	23,252,197	8,527,701
6. Mortgage guaranty									
8. Ocean marine	601,740	3,325,124	601,740	3,325,124	778,518	1,121,225	778,518	4,446,349	1,006,970
9. Inland marine	3,237,186	3,347,037	3,237,186	3,347,037	2,598,607	5,977,671	2,598,607	9,324,708	902,489
10. Financial guaranty									
11.1 Medical malpractice - occurrence		26,552		26,552		(33,039)		(6,487)	551
11.2 Medical malpractice - claims - made									
12. Earthquake		23,933		23,933	(27,264)	41,577	(27,264)	65,510	9,861
13. Group accident and health		183,274		183,274		187,947		(a) 371,221	28,643
14. Credit accident and health (group and individual)									
15. Other accident and health		83,627		83,627		260,276		(a) 343,903	11,529
16. Workers' compensation	2,391,130,185	525,596,667	2,391,130,185	525,596,667	1,127,300,581	258,298,210	1,127,300,581	783,894,877	92,311,490
17.1 Other liability - occurrence	176,852,581	103,606,455	176,852,581	103,606,455	190,769,240	70,113,640	190,769,240	173,720,095	77,206,795
17.2 Other liability - claims - made	3,330,070	9,736,091	3,330,070	9,736,091	6,480,376	18,956,887	6,480,376	28,692,978	8,678,755
18.1 Products liability - occurrence	36,991,270	14,121,560	36,991,270	14,121,560	88,210,167	27,313,329	88,210,167	41,434,889	24,576,940
18.2 Products liability - claims - made	1,578,700	331,283	1,578,700	331,283	598,048	408,355	598,048	739,638	467,602
19.1, 19.2 Private passenger auto liability	945,790,589	128,891,368	945,790,589	128,891,368	395,430,941	65,754,159	395,430,941	194,645,527	46,552,728
19.3, 19.4 Commercial auto liability	195,992,438	30,951,068	195,992,438	30,951,068	266,006,739	34,115,445	266,006,739	65,066,513	9,814,098
21. Auto physical damage		(36,747)		(36,747)	(33,596,829)	(3,835,378)	(33,596,829)	(3,872,125)	7,072,840
22. Aircraft (all perils)		4,075,235		4,075,235		2,574,444		6,649,679	1,191,291
23. Fidelity		91,389		91,389	112,080	923,434	112,080	1,014,823	231,290
24. Surety		1,240,255		1,240,255	6,284	4,694,841	6,284	5,935,096	2,365,754
26. Burglary and theft		26,909		26,909	41,527	174,680	41,527	201,589	22,524
27. Boiler and machinery		704		704	256,174	(50,783)	256,174	(50,079)	46,840
28. Credit						1,404		1,404	74
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	8,861,164		8,861,164	X X X	5,184,285		14,045,449	238,414
31. Reinsurance-Nonproportional Assumed Liability	X X X	21,405,327		21,405,327	X X X	6,486,632		27,891,959	863,433
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	237,525		237,525	X X X	(4,182)		233,343	4,296
33. Aggregate write-ins for other lines of business									
34. TOTALS	4,339,922,465	898,219,866	4,339,922,465	898,219,866	2,367,548,824	522,493,847	2,367,548,824	1,420,713,713	290,974,608

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 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	320,362,153			320,362,153
1.2 Reinsurance assumed	107,594,600			107,594,600
1.3 Reinsurance ceded	320,361,975			320,361,975
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	107,594,778			107,594,778
2. Commission and brokerage:				
2.1 Direct, excluding contingent		170,609,549		170,609,549
2.2 Reinsurance assumed, excluding contingent		16,084,614		16,084,614
2.3 Reinsurance ceded, excluding contingent		170,609,549		170,609,549
2.4 Contingent-direct		5,695,820		5,695,820
2.5 Contingent-reinsurance assumed		8,876,711		8,876,711
2.6 Contingent-reinsurance ceded		5,695,820		5,695,820
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)		24,961,325		24,961,325
3. Allowances to manager and agents		16		16
4. Advertising	952,891	9,062,439	2,412	10,017,742
5. Boards, bureaus and associations	224,231	2,400,195		2,624,426
6. Surveys and underwriting reports	617	2,337,207		2,337,824
7. Audit of assureds' records	508	71		579
8. Salary and related items:				
8.1 Salaries	52,906,660	98,823,461	565,791	152,295,912
8.2 Payroll taxes	2,567,869	6,998,017	21,705	9,587,591
9. Employee relations and welfare	8,570,262	23,168,296	28,699	31,767,257
10. Insurance	8,928,129	744,965	643	9,673,737
11. Directors' fees	309	22,030		22,339
12. Travel and travel items	3,526,757	7,694,174	8,119	11,229,050
13. Rent and rent items	3,208,257	8,546,192	8,763	11,763,212
14. Equipment	2,700,032	6,992,518	9,727	9,702,277
15. Cost or depreciation of EDP equipment and software	549,146	2,945,252	5,949	3,500,347
16. Printing and stationery	830,498	2,055,847	1,286	2,887,631
17. Postage, telephone and telegraph, exchange and express	2,173,855	6,235,617	22,026	8,431,498
18. Legal and auditing	367,911	1,994,871	50,324	2,413,106
19. Totals (Lines 3 to 18)	87,507,932	180,021,168	725,444	268,254,544
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 1,089,844		38,647,192		38,647,192
20.2 Insurance department licenses and fees		901,226		901,226
20.3 Gross guaranty association assessments		2,574,722		2,574,722
20.4 All other (excluding federal and foreign income and real estate)		2,826,949		2,826,949
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		44,950,089		44,950,089
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	168,711	8,450,176	78,461	8,697,348
25. Total expenses incurred	195,271,421	258,382,758	803,905 (a)	454,458,084
26. Less unpaid expenses-current year	290,974,608	84,005,574		374,980,182
27. Add unpaid expenses-prior year	255,401,951	93,051,149	(18,583)	348,434,517
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)	159,698,764	267,428,333	785,322	427,912,419

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	(6,860,135)			(6,860,135)
2402. Other expenses	7,028,846	8,450,176	78,461	15,557,483
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	168,711	8,450,176	78,461	8,697,348

(a) Includes management fees of \$ 803,905 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) 18,458,860	17,912,147
1.1 Bonds exempt from U.S. tax	(a) 3,150,706	6,448,611
1.2 Other bonds (unaffiliated)	(a) 77,770,813	77,927,402
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 422,249	422,664
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	6,487,466	6,181,744
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 109,823	109,823
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 2,339,389	2,320,755
7. Derivative instruments	(f)	
8. Other invested assets	1,801,283	1,801,283
9. Aggregate write-ins for investment income	3,413,341	3,413,341
10. Total gross investment income	113,953,930	116,537,770
11. Investment expenses		(g) 803,905
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)		803,905
17. Net investment income (Line 10 minus Line 16)		115,733,865
DETAILS OF WRITE-INS		
0901. Miscellaneous Investment Income/ (Expense)	3,413,341	3,413,341
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)	3,413,341	3,413,341
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 \$ 1,668,809 accrual of discount less \$ 3,166,781 amortization of premium and less \$ 4,886,065 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 \$ 234,758 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.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (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	5,221,694			5,221,694
1.1 Bonds exempt from U.S. tax	1,917			1,917
1.2 Other bonds (unaffiliated)	10,407,120		(2,013,135)	8,393,985
1.3 Bonds of affiliates	(1,763)			(1,763)
2.1 Preferred stocks (unaffiliated)	(260,628)	(41,104)	150,082	(151,650)
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)	2,576,392	(787,125)	2,976,356	4,765,623
2.21 Common stocks of affiliates			2,377,847	2,377,847
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments	(3,258)			(3,258)
7. Derivative instruments				
8. Other invested assets	12,688,989	(2,822,141)	1,934,583	11,801,431
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	30,630,463	(3,650,370)	5,425,733	32,405,826

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	2,869,937	3,652,583	782,646
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		200,445	200,445
13.3 Accrued retrospective premiums	7,917,869	8,576,859	658,990
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	352,997	379,109	26,112
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	13,107,975	36,608,700	23,500,725
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	3,566,588	1,674,608	(1,891,980)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	27,815,366	51,092,304	23,276,938
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	27,815,366	51,092,304	23,276,938

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	2,636,242	1,046,220	(1,590,022)
2302. Amounts receivable under high deductible policies	930,346	628,388	(301,958)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	3,566,588	1,674,608	(1,891,980)

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 Wisconsin, the accompanying financial statements of Liberty Mutual Fire 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:

1. 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).
2. Investment grade bonds are carried at cost adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. Common stocks are carried at market value except that investments in stocks of subsidiaries and affiliates are carried according to Note 1 C(7).
4. Preferred stocks are carried at cost or market in accordance with the SVO Manual.
5. The Company does not own mortgage loans.
6. 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.
7. The Company carries its investments in subsidiaries, controlled, and affiliated (SCA) companies in accordance with SSAP No. 88, *Investments in Subsidiaries, Controlled Entities and Affiliates*, and the SVO Manual. Schedule D Part 6-Section 1 illustrates the valuation method used for each SCA company.
8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.
9. Derivative Instruments, refer to note 8.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property-Casualty Contracts - Premiums*.
11. 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.
12. 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.

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable

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 mortgage-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 that exceed 10% of its admitted assets.
- B. The Company invests in various limited partnerships that are reported in accordance with SSAP No. 48. The partnerships are valued using traditional private equity valuation metrics. Interim poor performance within the partnerships may lead to impairment losses being recognized by management. The Company realized impairment losses of \$2,822,141 during the year.

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's investment strategy does not include derivative instruments. However, the Company does acquire fixed maturities which have derivative features which are ancillary to the overall investment and immaterial to the underlying investment portfolio.

During the fourth quarter of 2004, the New York Department of Insurance approved a Derivative Use Policy submitted by the Company. As of December 31, 2005, no transactions had been executed under this Policy.

NOTES TO FINANCIAL STATEMENTS

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	170,299,000	158,223,146	12,075,854
Total of deferred tax liabilities	(69,933,000)	(63,056,146)	(6,876,854)
Net deferred tax asset	100,366,000	95,167,000	5,199,000
Net deferred tax asset non-admitted	(13,107,975)	(36,608,700)	23,500,725
Net admitted deferred tax asset	87,258,025	58,558,300	28,699,725

- B. The Company does not have any deferred tax liabilities described in SSAP No. 10, Income Taxes, paragraph 6d.
- C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2005	2004
Federal tax on operations	17,936,108	(9,264,473)
Net operating loss benefit	0	0
Foreign tax on operations	(13,233)	0
Income tax incurred on operations	17,922,875	(9,264,473)
Tax on capital gains	9,443,649	5,935,514
Total income tax incurred	27,366,524	(3,328,959)

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation, partnership investments, investment impairments, statutory non-admitted assets, unrealized gains, and tax credit carryforwards.

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

	2005
Change in net deferred income tax (without unrealized gain or loss)	7,623,566
Tax effect of unrealized (gains) losses	(2,424,566)
Total change in net deferred income tax	5,199,000

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, excludible dividend income, foreign operations, 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 \$25,105,000 from the current year and none from the preceding year.

The Company had no net loss carry forward available to offset future net income subject to Federal income taxes.

The Company had a minimum tax credit available of \$9,978,000 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.
Ambco Capital Corporation	Liberty Life Assurance Company of Boston
America First Insurance Company	Liberty Life Holdings, Inc.
America First Lloyds Insurance Company	Liberty Lloyds of Texas Insurance Company
American Ambassador Casualty Company	Liberty Management Services, Inc.
Berkeley Holding Company Associates, Inc.	Liberty Mexico Holdings, Inc.
Berkeley Management Corporation	Liberty Mutual Fire Insurance Company
Bridgefield Casualty Insurance Company	Liberty Mutual Group Inc.
Bridgefield Employers Insurance Company	Liberty Mutual Holding Company, Inc.
Capitol Agency, Inc. (Arizona corporation)	Liberty Mutual Insurance Company
Capitol Agency, Inc. (Ohio corporation)	Liberty Mutual Managed Care, Inc.
Capitol Agency, Inc. (Tennessee corporation)	Liberty Northwest Insurance Corporation
Cascade Disability Management, Inc.	Liberty Personal Insurance Company
Colorado Casualty Insurance Company	Liberty RE (Bermuda) Limited
Companies Agency Insurance Services of California	Liberty Real Estate Corporation
Companies Agency of Alabama, Inc.	Liberty Sponsored Insurance (Vermont) Inc.
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.

NOTES TO FINANCIAL STATEMENTS

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 Energy Corporation	The First Liberty Insurance Corporation
Liberty Financial Services, Inc.	The Midwestern Indemnity Company
Liberty Hospitality Group, Inc.	The National Corporation
Liberty Insurance Company of America	The Netherlands Insurance Company
Liberty Insurance Corporation	Wausau Business Insurance Company
Liberty Insurance Holdings, Inc.	Wausau General Insurance Company
Liberty Insurance Underwriters, 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. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group, Inc. ("LMGI"). LMGI is owned 100% by LMHC Massachusetts Holdings, Inc. ("LMHC MHI") and LMHC MHI is owned 100% by Liberty Mutual Holding Company, Inc. ("LMHCI").
- B. Transactions between the Company and its affiliates are described in Schedule Y Part 2.
- C. There were no material changes in terms of any intercompany arrangements during 2005.
- D. At December 31, 2005, the Company reported \$15,353,253 net due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company guarantees, jointly and severally with Liberty Mutual Insurance Company, \$27,000,000 of the medium term notes payable which are obligations of its parent company, LMGI.
- F. See Note 26 for information regarding intercompany pooling arrangement.
- 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 that exceeds 10% of admitted assets of the insurer.
- J. The Company did not recognize any impairment write down for its subsidiary during the statement period.

Note 11- 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. Costs of these plans are allocated to the Company through the inter-company Reinsurance Agreement, as described in Note 26.

Note 13- Capital and Surplus, Shareholders' Dividend restrictions and Quasi-Reorganizations

1. Common Stock

The Company has 100,000 shares authorized, issued, and outstanding as of December 31, 2005. All shares have a stated par value of \$100.

2. Preferred Stock

Not applicable

NOTES TO FINANCIAL STATEMENTS

3. Dividend Restrictions

There are no dividend restrictions.

4. The maximum amount of dividends which can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of policyholder surplus, or (b) adjusted net income. The maximum dividend payout which may be made without prior approval in 2006 is \$4,550,315.

5. As of December 31, 2005, the Company has restricted surplus of \$117,477,065 resulting from retroactive reinsurance contracts.

6. The Company had no advances to surplus.

7. The Company did not hold stock for special purposes.

8. The Company had changes in special surplus funds resulting from retroactive reinsurance contracts during 2005.

9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$108,699,599.

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 made no commitments, contingent commitments or guarantees on behalf of affiliates or other entities, except as indicated in Note 10E.

B. Assessments

The Company is subject to guaranty fund 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.

The Company has accrued a liability for guaranty fund and other assessments of \$29,630,443 that is offset by future premium tax credits of \$5,667,680. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next ten years.

During 2005 there were no material insolvencies to report. The company continues to remit payments relating to prior year insolvencies.

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.

NOTES TO FINANCIAL STATEMENTS

Note 15- Leases

- A. Aside from certain sale-leaseback transactions disclosed below, the Company is not involved in material lease arrangements.

The Company has entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all PP&E at the end of each respective lease. The Company's minimum lease obligations under these agreements are as follows:

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2006	\$5,176,455	\$10,611,559
2007	3,227,245	8,462,494
2008	2,975,062	6,251,105
2009	2,463,573	4,614,090
2010	1,568,936	3,279,922
2011 & thereafter	0	15,918,662
Total	\$15,411,271	\$49,137,832

- B. Leasing as a significant part of lessor's business activities

Not applicable

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 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.

- 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 Plans and the Uninsured Portion of Partially Insured Plans

- A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and the net gain was \$47,208. Claim payment volume was \$2,983,572.

- 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

The Company has material exposure to losses arising from the World Trade Center disaster of September 11, 2001. The exposure arises from the property, workers' compensation, auto, and surety policies and reinsurance contracts written by member companies of the Liberty Mutual Group. The Company shares in the losses via the inter-company pooling agreement. Although uncertainty about the final loss amount still exists, the losses are reasonably estimable and such estimate has been recorded. The Company believes that its reinsurers are financially sound and that reinsurance collectibility is not a significant issue or concern. The amounts recorded by the Company in this annual statement are as follows:

	Direct	Assumed	Gross	Ceded	Net
Paid Loss and ALAE	\$26,425,746	\$10,936,380	\$37,362,126	\$32,487,688	\$4,874,438
Loss and ALAE Reserves	13,631,713	2,072,193	15,703,906	11,243,736	4,460,170
Incurred Loss and ALAE	\$40,057,459	\$13,008,573	\$53,066,032	\$43,731,424	\$9,334,608

NOTES TO FINANCIAL STATEMENTS

Note 21- Other Items

- A. In December 2005, the Company, pursuant to the appropriate regulatory approval, transferred its domicile from Massachusetts to Wisconsin.
- B. Troubled Debt Restructuring for Debtors
Not applicable
- C. Other Disclosures
- 1) Florida Special Disability Trust Fund
- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2005 and 2004.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$587,157 and \$433,177 in 2005 and 2004, respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$1,330,624 and \$2,012,841, in 2005 and 2004, respectively.
- 2) Assets in the amount of \$341,649,294 and \$379,534,163 as of December 31, 2005 and 2004, respectively, were on deposit with government authorities or trustees as required by law.
- D. The Company routinely assesses the collectibility of its premium receivable. Based upon Company experience, amounts in excess of non-admitted amounts are not believed to be material.
- 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 which 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 which exceed 3% of policyholders surplus.
- B. There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 5% of the Company's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.
- C. 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	\$419,930,093	\$12,262,859	\$2,760,896,080	\$80,622,307	(\$2,340,965,987)	(\$68,359,448)
All Other	0	0	0	0	0	0
Total	\$419,930,093	\$12,262,589	\$2,760,896,080	\$80,622,307	(\$2,340,965,987)	(\$68,359,448)

Direct Unearned Premium Reserve: \$2,760,896,080

Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2005 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$6,699,179	\$0	\$6,699,179
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(19,500,000)	0	(19,500,000)
Totals	\$0	(\$12,800,821)	\$0	(\$12,800,821)

The Company does not use protected cells as an alternative to traditional reinsurance.

- D. The Company has not written off any uncollectible balances in the current year.
- E. The Company has not recorded any commutations in the current year.
- F. The Company has one assumed retroactive contract as a result of the intercompany pooling arrangement with Liberty Mutual Insurance Company.

NOTES TO FINANCIAL STATEMENTS

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	(\$219,365,645)	\$0
	2. Adjustment – Prior Year(s)	12,432,737	0
	3. Adjustment – Current Year	700,243	0
	4. Total	(\$206,232,665)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	(\$95,905,057)	\$0
	2. Adjustment – Prior Year(s)	(3,894,792)	0
	3. Adjustment – Current Year	(4,517,313)	0
	4. Total	(\$104,317,162)	\$0
c.	Amounts Recovered / Paid – Cumulative		
	1. Initial Reserves	(\$2,632,204)	\$0
	2. Adjustment – Prior Year(s)	(9,635,059)	0
	3. Adjustment – Current Year	(4,398,757)	0
	4. Total	(\$16,666,020)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$125,185,167	\$0
	2. Adjustment – Prior Year(s)	(6,692,470)	0
	3. Adjustment – Current Year	(1,015,632)	0
	4. Total	\$117,477,065	\$0
	5. Cumulative Total Transferred to Unassigned Funds	\$1,104,458	
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	(\$206,232,665)	\$0

There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.
- D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated non-admitted and charged to surplus.

Total accrued retro premium	\$78,327,938
Less: Non-admitted amount	7,917,869
Admitted amount	<u>\$70,410,069</u>

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred loss and loss adjustment expenses attributed to insured events of prior years has increased during 2005, primarily as a result of rising loss development trends in workers' compensation and general liability. The increase also reflects the completion of the Company's biennial ground-up asbestos reserve study in the third quarter (refer to Note 33). A portion of the increase in incurred loss and loss adjustment expenses attributed to insured events of prior years was offset by a corresponding increase in premiums earned. Original estimates are revised as additional information becomes known regarding individual claims.

NOTES TO FINANCIAL STATEMENTS

Note 26- Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual Inter-Company Reinsurance Agreement consisting of the following affiliated companies:

		NAIC Co. #	Pooling %	Lines of Business
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	66.5%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	16.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	10.00%	All Lines
	Liberty Insurance Corporation (LIC)	42404	6.00%	All Lines
	Wausau Business Insurance Company (WBIC)	26069	0.40%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.40%	All Lines
	Wausau Underwriters Insurance Company (WUIC)	26042	0.40%	All Lines
	LM Insurance Corporation (LM Ins Corp)	33600	0.20%	All Lines
	The First Liberty Insurance Corporation (FLIC)	33588	0.10%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Insurance Company of America (LICA)	10337	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSIC)	10725	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty Lloyd's of Texas Insurance Company (Lloyds)	11041	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company (BCIC)	10335	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines

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

- (a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the lead company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.
- (b) With the exception of LMGIC and LMPIC, each 100% Quota Share Affiliated company cedes its net underwriting activity to the lead company. LMGIC and LMPIC cede its net underwriting activity to LMPAC.
- (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.

Note 27- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$133,040,184 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$133,040,184 as of December 31, 2005.

NOTES TO FINANCIAL STATEMENTS

- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company & Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$54,340,035
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$53,616,517
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$16,549,409

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

As of December 31, 2005, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

Note 31- High Dollar Deductible Policies

As of December 31, 2005, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$418,877,018 and the amount billed and recoverable on paid claims was \$25,950,739.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlement are discounted at 4.5%. The December 31, 2005, liabilities include \$341,834,811 of liabilities carried at a discounted value of \$209,954,097 representing a discount of \$131,880,714.

For all other lines, the Company does not discount its reserves for unpaid losses and loss adjustment expenses.

Note 33 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from general liability policies written prior to the mid-1980's. In establishing the Company's asbestos and environmental reserves, the Company estimates case basis reserves for anticipated losses and bulk reserves for loss adjustment expenses and incurred but not reported losses. The Company maintained casualty excess of loss reinsurance during the relevant periods. The reserves are reported net of expected recoveries from reinsurers and include any reserves reported by ceding reinsurers on assumed reinsurance contracts.

Upon their de-affiliation from the Nationwide Group and re-affiliation with the Company, EICOW, Wausau Business Insurance Company ("WBIC"), Wausau General Insurance Company ("WGIC"), and Wausau Underwriters Insurance Company ("WUIC") entered into ceded reinsurance contracts whereby Nationwide Indemnity Company assumed full responsibility for obligations on certain policies with effective dates prior to January 1, 1986, including all asbestos and environmental exposures.

Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectibility of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental losses and loss adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

NOTES TO FINANCIAL STATEMENTS

In recent years the Company, as well as the industry generally, has witnessed a significant increase in the number of asbestos claims being filed, due to a number of variables, including more intensive advertising by lawyers seeking asbestos claimants, and the increasing focus by plaintiffs on new and previously peripheral defendants, attempts to broaden the interpretation of compensable loss, and courts expanding the scope of the coverage.

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based upon historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment.

During the third quarter of 2005, the Company completed its biennial ground-up asbestos reserve study. As part of that review, a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel completed their comprehensive review of the Company's asbestos exposure on a direct, assumed, and ceded basis including potential exposures of large policyholders that were individually evaluated using the company's proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. Small policyholders were evaluated using aggregate methods that utilized information developed from the large policyholders. Additionally, a provision of pure IBNR was established for the potential emergence of first-time filers of future asbestos claims. Based on this internal study, the Company increased its asbestos reserves by \$20,300,000.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

As a direct result of the significant uncertainties associated with estimating its asbestos and environmental exposures and establishing appropriate levels of reserves, the ultimate liability of the Company for asbestos and environmental exposures may vary materially from the reserves currently recorded. The Company and other industry members have and will continue to litigate the broadening judicial interpretation of policy coverage and the liability issues. If the courts continue to expand the scope of the coverage provided, additional liabilities could emerge for amounts in excess of reserves held. This emergence, as well as the other uncertainties noted above, cannot now be reasonably estimated, but could have a material impact on the Company's future operating results, and financial condition.

The table below summarizes reserve and loss activity for the Company's asbestos and environmental loss and loss adjustment expenses for each of the five most recent calendar years.

Asbestos:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct Basis					
Beginning Reserves	131,961,317	135,634,647	147,906,200	157,842,908	170,246,246
Incurring losses and LAE	25,599,536	41,332,817	42,701,592	41,207,366	55,423,884
Calendar year payments	21,926,206	29,061,264	32,764,884	28,804,028	25,845,117
Ending Reserves	135,634,647	147,906,200	157,842,908	170,246,246	199,825,013
Assumed Reinsurance Basis					
Beginning Reserves	7,512,383	10,898,653	18,695,699	26,225,890	48,959,084
Incurring losses and LAE	3,474,327	8,096,526	11,524,008	26,204,018	5,444,439
Calendar year payments	88,057	299,480	3,993,817	3,470,824	3,015,540
Ending Reserves	10,898,653	18,695,699	26,225,890	48,959,084	51,387,983
Net of Ceded Reinsurance Basis					
Beginning Reserves	77,899,000	84,296,300	96,001,400	112,458,900	95,146,808
Incurring losses and LAE	17,785,500	29,032,800	31,300,300	353,194	21,936,876
Calendar year payments	11,388,200	17,327,700	14,842,800	17,665,286	12,848,093
Ending Reserves	84,296,300	96,001,400	112,458,900	95,146,808	104,235,591
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					104,731,062
Assumed Reinsurance Basis					39,041,463
Net of Ceded Reinsurance Basis					44,500,280

Ending Reserves for LAE included above (Case, Bulk & IBNR)

NOTES TO FINANCIAL STATEMENTS

Direct Basis	73,743,539
Assumed Reinsurance Basis	455,536
Net of Ceded Reinsurance Basis	31,734,237

<u>Environmental:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct Basis					
Beginning Reserves	71,790,977	57,026,715	44,650,400	32,170,537	71,018,037
Incurred losses and LAE	(7,923)	4,409,685	(5,487,659)	46,012,343	15,856,610
Calendar year payments	14,756,339	16,786,000	6,992,204	7,164,843	18,274,917
Ending Reserves	57,026,715	44,650,400	32,170,537	71,018,037	68,599,730

Assumed Reinsurance Basis					
Beginning Reserves	11,156,223	11,095,886	11,786,700	5,591,663	7,088,498
Incurred losses and LAE	(1,075)	863,796	(5,632,241)	2,033,774	(1,223,027)
Calendar year payments	59,262	172,982	562,796	536,939	633,542
Ending Reserves	11,095,886	11,786,700	5,591,663	7,088,498	5,231,929

Net of Ceded Reinsurance Basis					
Beginning Reserves	44,744,400	42,539,300	30,645,900	25,773,800	52,671,344
Incurred losses and LAE	8,954,100	(1,088,900)	(800,000)	31,598,590	50,936
Calendar year payments	11,159,200	10,804,500	4,072,100	4,701,046	10,040,133
Ending Reserves	42,539,300	30,645,900	25,773,800	52,671,344	42,682,147

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	49,041,597
Assumed Reinsurance Basis	3,120,348
Net of Ceded Reinsurance Basis	27,276,033
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	27,275,993
Assumed Reinsurance Basis	106,541
Net of Ceded Reinsurance Basis	15,829,160

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	176,278,677	7.123	176,278,677	7.123
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	80,626,892	3.258	80,626,892	3.258
1.22 Issued by U.S. government sponsored agencies	68,639,259	2.774	68,639,259	2.774
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	15,835,637	0.640	15,835,637	0.640
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	71,511,774	2.890	71,511,774	2.890
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	70,499,412	2.849	70,499,412	2.849
1.43 Revenue and assessment obligations	230,513,578	9.315	230,513,578	9.315
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	66,071,875	2.670	66,071,875	2.670
1.512 Issued or guaranteed by FNMA and FHLMC	428,584,391	17.319	428,584,391	17.319
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	196,214,833	7.929	196,214,833	7.929
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	170,566	0.007	170,566	0.007
1.523 All other	54,451,465	2.200	54,451,465	2.200
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	589,995,046	23.841	589,995,046	23.841
2.2 Unaffiliated foreign securities	57,129,399	2.309	57,129,399	2.309
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	4,462,241	0.180	4,462,241	0.180
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	4,519,696	0.183	4,519,696	0.183
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	161,406,672	6.522	161,406,672	6.522
3.4 Other equity securities:				
3.41 Affiliated	43,168,455	1.744	43,168,455	1.744
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	719,859	0.029	719,859	0.029
8. Cash, cash equivalents and short-term investments	53,796,152	2.174	53,796,152	2.174
9. Other invested assets	100,102,547	4.045	100,102,547	4.045
10. Total invested assets	2,474,698,426	100.000	2,474,698,426	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 [X] 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 [X] No [] N/A []
- 1.3 State Regulating? WISCONSIN
- 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 [X] No []
- 2.2 If yes, date of change: 12/22/2005
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. 12/31/1999
- 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). 08/15/2001
- 3.4 By what department or departments? Massachusetts Division of Insurance
- 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 [X]
- 4.12 renewals? Yes [] No [X]
- 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 [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 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
Name of Entity | 2
NAIC Company Code | 3
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 [X]
- 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 [X]
- 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
Nationality | 2
Type of Entity |
|------------------|---------------------|
| | |
| | |
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 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? Robert T. Muleski
 175 Berkeley St. Boston, MA 02117
 Officer of Liberty Mutual Insurance Company

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

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 [X]

12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

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 [X] 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 [X] 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 official duties of such person? Yes [X] No []

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 [X]

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 [X]

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 Nature of Restriction	2 Description	3 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 Name of Custodian(s)	2 Custodian's Address
JP MORGAN CHASE	3 Chase Metro Tech Center, Brooklyn, NY 11245
ROYAL TRUST / RBC	77 King Street West, Toronto, Ontario, M5W 1P9

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 Name(s)	2 Location(s)	3 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 Old Custodian	2 New Custodian	3 Date of Change	4 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
39438	BARCLAYS GLOBAL INVESTORS	45 Fremont St. San Francisco, CA 94105
107900	COLUMBIA MANAGEMENT ADVISORS	100 Federal St, 22nd Floor, Boston, MA 02110
2528	LAZARD ASSET MANAGEMENT	30 Rockefeller Plaza, New York, NY 10112
106054	MATTHEWS INTERNATIONAL CAPITAL	Four Embarcadero Center, Suite 550, San Francisco, C
110126	HIGHLAND CAPITAL MANAGEMENT LP	Two Galleria Tower, 13455 Noel Rd, Suite 550, Dallas,

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

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
530158-10-4	LIBERTY ALL-STAR EQUITY FUND	4,462,241
25.2999	Total	4,462,241

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
LIBERTY ALL-STAR EQUITY F	BOEING CO	85,184	12/31/2005
LIBERTY ALL-STAR EQUITY F	MORGAN STANLEY	84,961	12/31/2005
LIBERTY ALL-STAR EQUITY F	GENENTECH INC	72,154	12/31/2005
LIBERTY ALL-STAR EQUITY F	CITIGROUP INC	71,530	12/31/2005
LIBERTY ALL-STAR EQUITY F	NETWORK APPLIANCE INC	67,291	12/31/2005

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	2,157,139,258	2,145,912,001	(11,227,257)
26.2 Preferred stocks	4,519,695	4,519,695	
26.3 Totals	2,161,658,953	2,150,431,696	(11,227,257)

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 Securities Valuation Office been followed? Yes 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

1 Name	2 Amount Paid
	\$
	\$

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	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 14,131	\$ (688,906)
2.2 Premium Denominator	\$ 1,035,969,094	\$ 970,017,487
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 761,846	\$ 794,176
2.5 Reserve Denominator	\$ 2,131,618,415	\$ 1,997,818,039
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 \$ 5,786,225,529
 3.22 Non-participating policies \$ 56,267,079

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. \$ _____

5. 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 _____

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 a Workers' Compensation Catastrophe Treaty with limits of \$450M part of \$600M xs \$100M.
- 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: For its North American exposures, the Company employs industry recognized catastrophe modeling software to estimate the PML. For property exposures, we employ RiskLink v5.0 from RMS and AIR Classic/2 v7.0 from AIR. For WC, the Company utilizes RiskLink v5.0 from RMS.
- 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 a Property Catastrophe Treaty with limits of \$860M part of \$1.15B xs \$250M.
- 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. 1
- 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 Interrogatory 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 | \$ 167,960,794 |
| 12.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ 26,277,735 |
- 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? \$ 42,099,768
- 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
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | |
|-------|------|---------|
| 12.41 | From | 5.500 % |
| 12.42 | To | 6.000 % |
- 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
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | |
|-------|----------------------------|----------------|
| 12.61 | Letters of Credit | \$ 738,311,569 |
| 12.62 | Collateral and other funds | \$ 57,597,933 |
- 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
- 13.3 If yes, what amount? \$
- 14.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 10,155,856
- 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
- 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. 1
- 15.1 Is the company a cedant in a multiple cedant reinsurance contract? YES 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
- 15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements? YES 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
- 16.2 If yes, give full information:
- 17.1 Does the reporting entity write any warranty business? YES NO
- 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.

YES [] NO [X]

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	\$ _____

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
Gross Premiums Written (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)	3,658,840,797	3,757,230,977	3,683,847,523	3,302,655,427	2,775,970,813
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,775,841,350	1,470,184,096	1,219,780,215	1,171,662,116	1,091,067,157
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,435,449,021	1,369,131,790	952,700,183	813,348,228	715,625,442
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	23,765,204	17,672,253	20,673,905	56,047,077	54,926,136
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	8,205,252	12,095,835	22,141,938	14,555,348	4,539,406
6. Total (Line 34)	6,902,101,624	6,626,314,951	5,899,143,764	5,358,268,196	4,642,128,954
Net Premiums Written (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)	698,766,287	654,000,390	575,897,992	502,465,049	437,328,717
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	180,380,681	175,072,753	163,073,950	152,996,708	141,030,345
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	152,289,938	138,039,503	144,143,032	117,891,318	102,274,217
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	19,966,857	13,669,807	17,682,673	53,805,027	54,668,751
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	8,205,252	12,095,835	22,141,938	14,555,348	4,539,406
12. Total (Line 34)	1,059,609,015	992,878,288	922,939,585	841,713,450	739,841,436
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(78,401,721)	(74,559,357)	(87,435,761)	(69,296,679)	(234,982,726)
14. Net investment gain (loss) (Line 11)	133,270,308	128,078,844	178,461,836	212,902,774	199,871,651
15. Total other income (Line 15)	(11,248,165)	(18,279,432)	(23,091,035)	(18,605,788)	67,754,829
16. Dividends to policyholders (Line 17)	3,610,789	3,943,250	(240,136)	6,487,568	7,726,028
17. Federal and foreign income taxes incurred (Line 19)	17,922,875	(3,328,959)	(4,504,938)	38,816,113	5,531,950
18. Net income (Line 20)	22,086,758	34,625,764	72,680,114	79,696,626	19,385,776
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	3,016,812,078	2,774,088,615	2,560,602,577	2,664,136,189	2,791,446,382
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	69,934,129	67,138,962	88,540,196	87,584,615	78,182,330
20.2 Deferred and not yet due (Line 13.2)	206,978,256	191,577,831	154,019,888	129,542,501	104,313,712
20.3 Accrued retrospective premiums (Line 13.3)	70,410,069	76,682,925	79,659,423	69,947,059	72,105,087
21. Total liabilities excluding protected cell business (Page 3, Line 24)	2,186,837,908	2,101,344,073	2,009,372,918	1,962,358,160	1,974,977,957
22. Losses (Page 3, Lines 1 and 2)	1,420,713,713	1,339,024,139	1,318,731,775	1,245,068,927	1,290,882,929
23. Loss adjustment expenses (Page 3, Line 3)	290,974,608	255,401,951	260,766,587	237,292,445	250,590,602
24. Unearned premiums (Page 3, Line 9)	419,930,093	403,391,948	383,526,057	322,567,228	275,620,576
25. Capital paid up (Page 3, Lines 28 & 29)	10,000,000	10,000,000	10,000,000	10,000,000	
26. Surplus as regards policyholders (Page 3, Line 35)	829,974,170	672,744,542	551,229,659	701,778,029	816,468,425
Risk-Based Capital Analysis					
27. Total adjusted capital	835,749,683	677,405,639	554,687,317	704,472,652	818,912,713
28. Authorized control level risk-based capital	140,134,594	143,092,200	130,474,775	114,173,298	115,143,022
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	85.1	82.9	84.8	81.8	78.8
30. Stocks (Lines 2.1 & 2.2)	8.6	10.1	9.9	7.8	12.9
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)	2.2	2.9	1.5	8.0	5.8
34. Contract loans (Line 6)				XXX	XXX
35. Other invested assets (Line 7)	4.0	3.6	3.6	2.3	2.5
36. Receivables for securities (Line 8)		0.5	0.2		
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
Investments in Parent, Subsidiaries and Affiliates					
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)	43,168,456	30,790,609	15,927,628	16,563,645	59,183,522
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	43,168,456	30,790,609	15,927,628	16,563,645	59,183,522
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)	5.2	4.6	2.9	2.4	7.2

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)	3,001,168	15,711,707	42,439,243	(125,488,080)	(93,403,860)
48. Dividends to stockholders (Line 35)			(283,308,712)	(81,646,842)	
49. Change in surplus as regards policyholders for the year (Line 38)	157,229,628	121,514,883	(150,548,370)	(114,690,396)	(77,831,431)
Gross Losses Paid (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)	2,251,960,601	2,390,402,252	2,228,189,985	2,232,215,882	2,387,792,140
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	800,646,701	633,211,569	593,414,614	593,600,508	653,228,235
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	915,671,782	620,399,235	479,672,461	443,201,223	502,884,900
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	5,315,965	50,860,508	29,546,728	43,397,107	37,352,964
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	10,927,955	497,201	10,180,171	10,561,661	7,203,911
55. Total (Line 34)	3,984,523,004	3,695,370,765	3,341,003,959	3,322,976,381	3,588,462,150
Net Losses Paid (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)	373,706,037	406,155,830	340,356,193	392,638,071	386,367,948
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	91,958,460	77,602,412	76,229,838	76,426,898	87,626,996
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	96,464,757	89,407,207	59,422,623	66,793,578	78,351,686
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	5,315,965	50,860,508	29,546,728	43,397,107	37,328,819
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	10,927,955	497,201	10,180,171	10,561,661	7,203,911
61. Total (Line 34)	578,373,174	624,523,158	515,735,553	589,817,315	596,879,360
Operating Percentages (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)	63.8	66.5	66.4	68.6	89.1
64. Loss expenses incurred (Line 3)	18.8	16.3	19.1	16.4	17.0
65. Other underwriting expenses incurred (Line 4)	24.9	24.9	24.4	23.7	25.9
66. Net underwriting gain (loss) (Line 8)	(7.6)	(7.7)	(10.0)	(8.8)	(32.0)
Other Percentages					
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)	25.4	26.2	25.7	24.5	16.6
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	82.6	82.8	85.5	85.1	106.1
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)	127.7	147.6	167.4	119.9	90.6
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	51,164	34,414	73,384	61,145	120,876
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)	7.6	6.2	10.5	7.5	13.5
Two Year Loss Development (000 omitted)					
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)	133,723	164,918	154,064	231,474	158,749
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)	24.3	23.5	18.9	25.9	18.5

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
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	343,850,877	343,773,639	344,782,192	336,378,273
	2. Canada	14,540,496	14,544,150	12,691,648	14,199,042
	3. Other Countries				
	4. Totals	358,391,373	358,317,789	357,473,840	350,577,315
States, Territories and Possessions (Direct and guaranteed)	5. United States	161,460,629	162,161,176	161,376,006	161,690,000
	6. Canada	1,295,142	1,339,950	963,733	1,290,822
	7. Other Countries				
	8. Totals	162,755,771	163,501,126	162,339,739	162,980,822
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	200,394,917	201,468,098	200,297,985	201,560,000
	10. Canada				
	11. Other Countries				
	12. Totals	200,394,917	201,468,098	200,297,985	201,560,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	679,746,439	672,202,853	680,037,906	679,346,714
	14. Canada	860,118	943,500	627,354	860,548
	15. Other Countries				
	16. Totals	680,606,557	673,146,353	680,665,260	680,207,262
Public Utilities (unaffiliated)	17. United States	58,500,999	57,782,899	58,705,610	57,949,000
	18. Canada				
	19. Other Countries				
	20. Totals	58,500,999	57,782,899	58,705,610	57,949,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	588,743,795	584,906,604	591,417,304	587,428,719
	22. Canada	20,251,628	20,324,430	19,923,328	20,365,312
	23. Other Countries	36,877,764	35,848,248	36,884,288	36,850,000
	24. Totals	645,873,187	641,079,282	648,224,920	644,644,031
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	2,106,522,804	2,095,295,547	2,107,707,354	2,097,918,430
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States	368,295	368,295	368,295	
	28. Canada				
	29. Other Countries				
	30. Totals	368,295	368,295	368,295	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States	4,151,400	4,151,400	4,229,603	
	36. Canada				
	37. Other Countries				
	38. Totals	4,151,400	4,151,400	4,229,603	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	4,519,695	4,519,695	4,597,898	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States	5,428,892	5,428,892	3,027,988	
	42. Canada				
	43. Other Countries	364,495	364,495	320,874	
	44. Totals	5,793,387	5,793,387	3,348,862	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	14,952,035	14,952,035	4,622,682	
	46. Canada	211,386	211,386	99,741	
	47. Other Countries				
	48. Totals	15,163,421	15,163,421	4,722,423	
Industrial and Miscellaneous (unaffiliated)	49. United States	133,606,448	133,606,448	53,559,493	
	50. Canada				
	51. Other Countries	11,305,657	11,305,657	8,520,497	
	52. Totals	144,912,105	144,912,105	62,079,990	
Parent, Subsidiaries and Affiliates	53. Totals	43,168,456	43,168,456	31,500,000	
	54. Total Common Stocks	209,037,369	209,037,369	101,651,275	
	55. Total Stocks	213,557,064	213,557,064	106,249,173	
	56. Total Bonds and Stocks	2,320,079,868	2,308,852,611	2,213,956,527	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	2,144,921,101	7. Amortization of premium	3,166,781
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,227,132,156	8. Foreign Exchange Adjustment:	
3. Accrual of discount	1,668,809	8.1 Column 15, Part 1	661,505
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1	(2,013,550)	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1	(116,187)	8.4 Column 15, Part 4	(536,523)
4.3 Column 15, Part 2, Section 2	8,901,157		
4.4 Column 11 - 13, Part 4	(4,108,497)	9. Book/adjusted carrying value at end of current period	2,320,079,868
5. Total gain (loss), Column 19, Part 4	17,944,731	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	1,071,208,053	11. Subtotal (Lines 9 plus 10)	2,320,079,868
		12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	2,320,079,868

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 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	72,897	23,408	30,347	12,043	6,457	1,928	856	72,322	X X X
2. 1996	867,473	128,749	738,724	626,078	88,265	47,876	3,901	66,277	(463)	21,396	648,528	X X X
3. 1997	845,879	105,324	740,555	632,110	83,255	56,556	5,771	68,592	375	21,202	667,857	X X X
4. 1998	891,886	107,454	784,432	718,266	89,465	57,416	5,372	76,467	733	24,494	756,579	X X X
5. 1999	885,409	127,369	758,040	717,741	97,743	59,579	7,400	77,584	1,232	23,590	748,529	X X X
6. 2000	933,748	150,909	782,839	703,818	117,915	55,172	7,477	73,918	948	17,943	706,568	X X X
7. 2001	969,754	156,150	813,604	667,710	145,559	46,423	7,172	69,932	696	20,991	630,638	X X X
8. 2002	1,107,232	209,175	898,057	593,222	91,577	37,070	3,992	78,875	581	32,731	613,017	X X X
9. 2003	1,233,026	280,067	952,959	516,558	103,012	30,249	1,756	81,659	566	32,029	523,132	X X X
10. 2004	1,282,668	312,625	970,043	435,454	103,754	18,255	2,105	78,819	3,968	28,506	422,701	X X X
11. 2005	1,320,993	285,032	1,035,961	300,060	43,138	6,959	824	65,060	3,830	17,372	324,287	X X X
12. Totals	X X X	X X X	X X X	5,983,914	987,091	445,902	57,813	743,640	14,394	241,110	6,114,158	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 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	498,260	147,743	223,662	163,738	27,113	22,619	117,651	49,826	14,370		1,952	497,130	X X X
2. 1996	26,556	4,579	5,897	4,103	387	33	1,875	339	441		132	26,102	X X X
3. 1997	34,528	5,060	6,578	3,313	2,790	1,855	2,797	600	628		197	36,493	X X X
4. 1998	47,989	6,968	7,717	5,587	799	86	4,402	915	3,088		316	50,439	X X X
5. 1999	53,970	12,789	12,148	7,184	1,363	299	5,466	1,772	1,806		532	52,709	X X X
6. 2000	60,078	18,100	17,705	12,266	1,498	349	5,396	1,715	1,046		771	53,293	X X X
7. 2001	82,567	43,194	27,126	15,554	2,947	1,639	8,986	3,451	2,506		1,466	60,294	X X X
8. 2002	94,389	48,188	48,722	34,148	2,491	729	13,833	2,832	3,485		2,218	77,023	X X X
9. 2003	99,870	25,720	86,161	56,975	3,287	825	24,957	5,097	4,917		3,813	130,575	X X X
10. 2004	126,820	37,704	199,667	72,329	3,918	1,017	43,201	9,202	10,447	1	7,754	263,800	X X X
11. 2005	219,005	95,767	388,996	126,689	3,896	797	64,619	9,867	23,082	2,648	21,865	463,830	X X X
12. Totals	1,344,032	445,812	1,024,379	501,886	50,489	30,248	293,183	85,616	65,816	2,649	41,016	1,711,688	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	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		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	410,441	86,689
2. 1996	775,387	100,757	674,630	89.385	78.258	91.324			10.000	23,771	2,331
3. 1997	804,579	100,229	704,350	95.118	95.163	95.111			10.000	32,733	3,760
4. 1998	916,144	109,126	807,018	102.720	101.556	102.879			10.000	43,151	7,288
5. 1999	929,657	128,419	801,238	104.997	100.824	105.699			10.000	46,145	6,564
6. 2000	918,631	158,770	759,861	98.381	105.209	97.065			10.000	47,417	5,876
7. 2001	908,197	217,265	690,932	93.652	139.139	84.922			10.000	50,945	9,349
8. 2002	872,087	182,047	690,040	78.763	87.031	76.837			10.000	60,775	16,248
9. 2003	847,658	193,951	653,707	68.746	69.252	68.598			10.000	103,336	27,239
10. 2004	916,581	230,080	686,501	71.459	73.596	70.770			10.000	216,454	47,346
11. 2005	1,071,677	283,560	788,117	81.127	99.484	76.076			10.000	385,545	78,285
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,420,713	290,975

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.

SCHEDULE P-PART 2-SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	One Year	Two Year
1. Prior	1,347,971	1,355,189	1,323,575	1,266,413	1,240,804	1,305,058	1,351,828	1,400,647	1,462,595	1,514,587	51,992	113,940
2. 1996	617,511	590,209	592,062	595,746	602,715	601,242	601,076	600,998	607,667	612,972	5,305	11,974
3. 1997	X X X	587,679	584,856	606,595	616,433	628,140	628,760	629,804	637,224	642,471	5,247	12,667
4. 1998	X X X	X X X	646,382	668,879	685,219	706,745	714,131	719,616	727,834	736,951	9,117	17,335
5. 1999	X X X	X X X	X X X	636,177	656,078	680,898	698,429	711,069	716,701	730,230	13,529	19,161
6. 2000	X X X	X X X	X X X	X X X	611,910	640,162	644,307	666,012	683,848	690,699	6,851	24,687
7. 2001	X X X	X X X	X X X	X X X	X X X	630,417	614,193	625,085	616,073	621,841	5,768	(3,244)
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	625,302	590,244	591,003	610,071	19,068	19,827
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	653,662	588,605	571,038	(17,567)	(82,624)
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	656,291	608,146	(48,146)	X X X
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	715,523	X X X	X X X
	12. Totals										51,164	133,723

SCHEDULE P-PART 3-SUMMARY

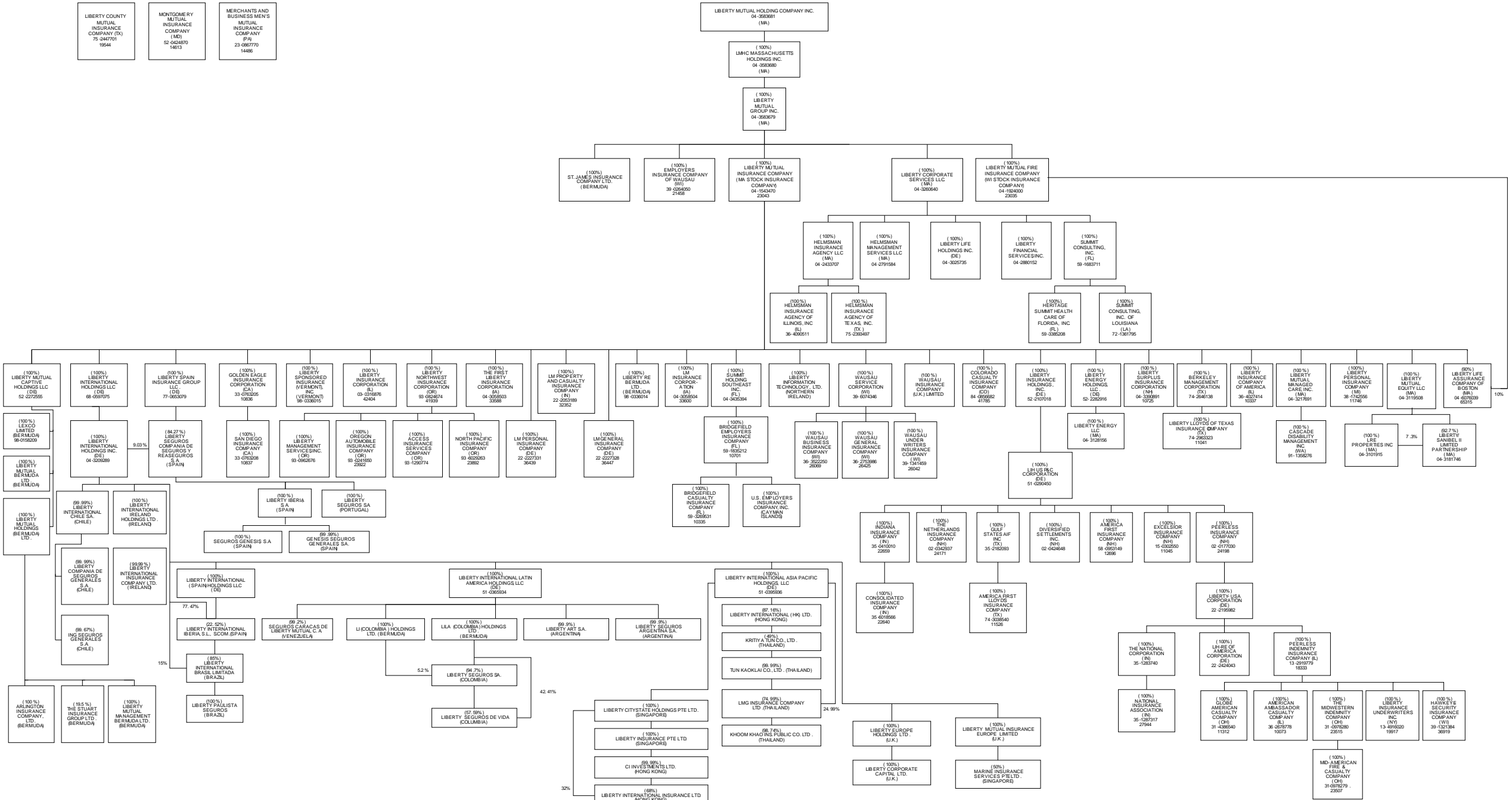
Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	000	246,797	428,296	537,311	625,153	676,253	758,550	823,580	889,089	956,882	X X X	X X X
2. 1996	257,676	375,119	440,654	490,430	523,652	545,341	558,691	565,647	574,498	581,788	X X X	X X X
3. 1997	X X X	237,015	357,878	438,886	497,215	535,909	560,891	576,186	591,264	599,640	X X X	X X X
4. 1998	X X X	X X X	259,451	416,374	509,273	577,952	617,461	644,411	665,208	680,845	X X X	X X X
5. 1999	X X X	X X X	X X X	257,773	409,730	505,175	573,036	618,772	651,093	672,177	X X X	X X X
6. 2000	X X X	X X X	X X X	X X X	270,357	424,434	504,989	560,641	611,279	633,598	X X X	X X X
7. 2001	X X X	X X X	X X X	X X X	X X X	284,699	429,440	501,237	544,193	561,402	X X X	X X X
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	267,925	410,554	493,736	534,723	X X X	X X X
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	247,217	377,793	442,039	X X X	X X X
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	226,242	347,850	X X X	X X X
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	263,057	X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	579,051	463,020	347,363	231,461	200,280	161,039	120,724	119,343	99,901	132,226
2. 1996	206,352	106,897	60,664	36,831	27,541	18,508	9,219	3,887	6,114	4,881
3. 1997	X X X	193,913	94,884	56,048	37,286	30,149	17,057	8,351	7,751	7,965
4. 1998	X X X	X X X	209,365	93,921	53,755	31,970	23,487	10,887	11,141	9,255
5. 1999	X X X	X X X	X X X	206,726	98,137	49,000	29,886	17,326	13,543	12,251
6. 2000	X X X	X X X	X X X	X X X	169,397	64,871	28,594	19,580	15,698	11,286
7. 2001	X X X	X X X	X X X	X X X	X X X	176,432	72,139	43,165	22,118	17,885
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	188,734	74,534	33,632	25,362
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	270,736	111,291	50,895
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	298,810	166,721
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	325,130

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

**Page 2 - Continuation
ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets

REMAINING WRITE-INS AGGREGATED AT LINE 09 FOR INVESTED ASSETS

0904.				
0905.				
0906.				
0907.				
0908.				
0909.				
0910.				
0911.				
0912.				
0913.				
0914.				
0915.				
0916.				
0917.				
0918.				
0919.				
0920.				
0921.				
0922.				
0923.				
0924.				
0925.				
0997. Totals (Lines 0904 through 0925) (Page 2, Line 0998)				

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS

2304. Amounts receivable under high deductible policies	25,950,739	930,346	25,020,393	23,166,823
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	25,950,739	930,346	25,020,393	23,166,823