

ANNUAL STATEMENT

OF THE

LM Property and Casualty

Insurance Company

of **Indianapolis**

in the state of **Indiana**

TO THE

Insurance Department

OF THE

STATE OF

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

PROPERTY AND CASUALTY

2005



32352200520100100

ANNUAL STATEMENT

For the Year Ended December 31, 2005

OF THE CONDITION AND AFFAIRS OF THE

LM Property and Casualty Insurance Company

NAIC Group Code 0111 0111 **NAIC Company Code** 32352 **Employer's ID Number** 22-2053189
(Current Period) (Prior Period)
Organized under the Laws of Indiana , **State of Domicile or Port of Entry** Indiana
Country of Domicile United States of America
Incorporated/Organized: January 2, 1975 **Commenced Business:** March 28, 1975
Statutory Home Office: 251 E. Ohio Street Suite 1100 Indianapolis, IN 46204
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
(E-Mail Address) Douglas.Link@LibertyMutual.com (Fax Number) 617-574-5955
Policyowner Relations Contact: 175 Berkeley Street Boston, MA 02117 617-357-9500 41015

OFFICERS

	Name	Title
1.	<u>James Paul Condrin, III</u>	<u>Chairman of the Board, President & CEO</u>
2.	<u>Dexter Robert Legg</u>	<u>Vice President & Secretary</u>
3.	<u>Laurance Henry Soyer Yahia</u>	<u>Vice President & Treasurer</u>

Vice-Presidents

Name	Title	Name	Title
<u>Margaret Dillon</u>	<u>Vice President & Chief Financial Officer</u>	<u>John Derek Doyle</u>	<u>Vice President & Comptroller</u>
<u>Anthony Alexander Fontanes</u>	<u>Vice President & Assistant Treasurer</u>	<u>Gary Jay Ostrow</u>	<u>Vice President</u>
<u>Himanshu Indravadan Patel</u>	<u>Vice President</u>	<u>Timothy Michael Sweeney</u>	<u>Vice President</u>
<u>Marie Anne Ward</u>	<u>Vice President</u>	<u>Elizabeth Julia Morahan #</u>	<u>Vice President & General Counsel</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

DIRECTORS OR TRUSTEES

<u>James Paul Condrin, III</u>	<u>Margaret Dillon</u>	<u>Himanshu Indravadan Patel</u>	<u>Kevin John Kirschner</u>
<u>Timothy Michael Sweeney</u>	<u>Marie Anne Ward</u>	<u>Elizabeth Julia Morahan #</u>	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State of Massachusetts
 County of Suffolk ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) <u>James Paul Condrin, III</u> (Printed Name) 1. Chairman of the Board, President & CEO (Title)	_____ (Signature) <u>Dexter Robert Legg</u> (Printed Name) 2. Vice President & Secretary (Title)	_____ (Signature) <u>Laurance Henry Soyer Yahia</u> (Printed Name) 3. Vice President & Treasurer (Title)
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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)	902,989,671		902,989,671	766,774,858
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	2,492		2,492	21,961
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 (\$ 10,168,374, Schedule E-Part 1), cash equivalents (\$ 14,452,274, Schedule E-Part 2) and short-term investments (\$ 35,893,441, Schedule DA)	60,514,089		60,514,089	93,794,461
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				3,538,303
8. Receivables for securities	421,170		421,170	183,900
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	963,927,422		963,927,422	864,313,483
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	9,937,859		9,937,859	8,834,060
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	279,466		279,466	97,105
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	14,787,524		14,787,524	20,476,402
14.2 Funds held by or deposited with reinsured companies	264,239		264,239	126,319
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	12,890,000	6,789,429	6,100,571	9,533,305
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	981,065		981,065	3,325,088
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,003,067,575	6,789,429	996,278,146	906,705,762
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	1,003,067,575	6,789,429	996,278,146	906,705,762

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	981,065		981,065	3,325,088
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	981,065		981,065	3,325,088

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	164,544,251	166,444,203
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	4,075,423	2,727,126
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	18,455,878	7,330,000
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	214,632	1,980,547
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 \$ 770,740 and including warranty reserves of \$ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	(708,680)	5,625,303
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	31,051,387	(2,358,348)
14. Amounts withheld or retained by company for account of others	34,385	(118,458)
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	2,455,210	2,438,565
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	12,284,043	29,809,804
20. Payable for securities	2,605,883	
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	59,896,275	22,816,778
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	294,908,687	236,695,520
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	294,908,687	236,695,520
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	4,400,000	4,400,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	590,825,743	590,825,743
33. Unassigned funds (surplus)	106,143,716	74,784,499
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)	701,369,459	670,010,242
36. TOTALS (Page 2, Line 26, Col. 3)	996,278,146	906,705,762

DETAILS OF WRITE-INS		
2301. Other liabilities	2,350,717	22,816,778
2302. Collateral held for securities loaned	57,545,558	
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	59,896,275	22,816,778
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	567	
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	4,789,846	2,252,857
3. Loss expenses incurred (Part 3, Line 25, Column 1)	(67)	725,339
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	244,176	1,130
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	5,033,955	2,979,326
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(5,033,388)	(2,979,326)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	35,669,490	44,081,576
10. Net realized capital gains (losses) less capital gains tax of \$ 956,467 (Exhibit of Capital Gains (Losses))	1,776,295	25,660,815
11. Net investment gain (loss) (Lines 9 + 10)	37,445,785	69,742,391
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(16,511)	(2,613)
15. Total other income (Lines 12 through 14)	(16,511)	(2,613)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	32,395,886	66,760,452
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	32,395,886	66,760,452
19. Federal and foreign income taxes incurred	3,336,416	(296,877)
20. Net income (Line 18 minus Line 19) (to Line 22)	29,059,470	67,057,329
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	670,010,242	595,225,743
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	29,059,470	67,057,329
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (95,952)	(191,585)	49,552
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(4,480,952)	51,850
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	952,266	7,791,376
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(16,645)	786,663
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	6,036,663	(952,271)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	31,359,217	74,784,499
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	701,369,459	670,010,242
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)	(16,511)	(2,613)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(16,511)	(2,613)
3701. Other surplus items	6,036,663	(952,271)
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)	6,036,663	(952,271)

CASH FLOW	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	(6,515,777)	(14,003,018)
2. Net investment income	36,132,276	65,889,551
3. Miscellaneous income	33,120,071	(3,373,063)
4. Total (Lines 1 through 3)	62,736,570	48,513,470
5. Benefit and loss related payments	(347,376)	67,751,524
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(10,881,769)	736,468
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	808,797	(69,479,419)
10. Total (Lines 5 through 9)	(10,420,348)	(991,427)
11. Net cash from operations (Line 4 minus Line 10)	73,156,918	49,504,897
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	166,515,187	2,298,105,826
12.2 Stocks	15,395	274,403
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	3,538,303	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(2,900)	2,281
12.7 Miscellaneous proceeds	2,554,724	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	172,620,709	2,298,382,510
13. Cost of investments acquired (long-term only):		
13.1 Bonds	302,030,470	1,288,196,555
13.2 Stocks		4,411
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		272,385,325
13.7 Total investments acquired (Lines 13.1 to 13.6)	302,030,470	1,560,586,291
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)	(129,409,761)	737,796,219
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	22,972,471	(996,158,778)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	22,972,471	(996,158,778)
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)	(33,280,372)	(208,857,662)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	93,794,461	302,652,123
19.2 End of year (Line 18 plus Line 19.1)	60,514,089	93,794,461

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				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
18.1 Products liability - occurrence				
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property				
31. Reinsurance-Nonproportional Assumed Liability	567			567
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	567			567

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)				

NONE Underwriting and Investment Exhibit - Part 1A

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	430,391		239,929	549,674	120,646	
2. Allied lines	143,778		201,513	272,234	73,057	
3. Farmowners multiple peril						
4. Homeowners multiple peril	(335,254)		369,374	(9,175,012)	9,209,131	1
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine	(326)			(44,847)	44,521	
9. Inland marine	(2,785)		(108)	(147,736)	144,843	
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	(937)			(21,186)	20,249	
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	(6,949)		5,853	(348,853)	347,757	
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	(645,884)	(2,012,932)	148,390	(11,543,922)	9,033,496	
19.3, 19.4 Commercial auto liability	(127)			(2,551)	2,424	
21. Auto physical damage	(406,921)	(1,337,848)	6,347	(6,825,600)	5,087,178	
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft	490		443	933		
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X		7,213		6,645	568
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	(824,524)	(3,350,780)	978,954	(27,286,866)	24,089,947	569

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

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]
 If yes: 1. The amount of such installment premiums \$ 0
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

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

Line of Business	Losses Paid Less Salvage				5 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	667,193	216,348	883,541		145,089		145,089	
2. Allied lines	2,304,965	245,000	2,549,965		(15,001)		(15,001)	
3. Farmowners multiple peril								
4. Homeowners multiple peril	34,992,345	1,109,348	33,215,612	2,886,081	9,440,703	12,447,053	(120,269)	
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine	32,087		32,087					
9. Inland marine	73,915	1,450	75,365					
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims - made								
12. Earthquake	482,730		673,417	(190,687)	141,977		(48,710)	
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	10,002,591	6,310	10,008,901		50,000		50,000	
17.2 Other liability - claims - made								
18.1 Products liability - occurrence								
18.2 Products liability - claims - made								
19.1, 19.2 Private passenger auto liability	95,284,260	42,050,108	136,249,198	1,085,170	24,948,177	21,088,684	4,944,663	
19.3, 19.4 Commercial auto liability								
21. Auto physical damage	(996,074)	804,617	(191,457)					
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft	125	43	168					
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X							
31. Reinsurance-Nonproportional Assumed Liability	X X X	3,205,433	296,199	2,909,234	129,833,305	132,908,466	(165,927)	(29,264.021)
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	142,844,137	47,638,657	183,792,996	6,689,798	164,544,250	166,444,203	4,789,845	844,769.841

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	239,434	35,676	275,110		854,363	4,861	714,135	145,089	
2. Allied lines	380,650	185,345	580,996	(15,001)	536,505	8,498	545,003	(15,001)	(501)
3. Farmowners multiple peril									
4. Homeowners multiple peril	22,355,444	489,340	21,816,930	1,027,854	11,910,410	2,589,701	6,087,262	9,440,703	10,495,500
5. Commercial multiple peril						235	235		
6. Mortgage guaranty									
8. Ocean marine					350,557	(86)	350,471		
9. Inland marine	158		158		465,860		465,860		
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims - made									
12. Earthquake	435,602		293,625	141,977				141,977	(247,518)
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation		2	2						
17.1 Other liability - occurrence	5,487,609	13,551	5,451,160	50,000	8,431,802	1,287	8,433,089	50,000	(255,000)
17.2 Other liability - claims - made									
18.1 Products liability - occurrence									
18.2 Products liability - claims - made									
19.1, 19.2 Private passenger auto liability	390,591,104	37,531,192	397,971,871	30,150,425	19,844,390	6,522,277	31,568,915	24,948,177	6,329,882
19.3, 19.4 Commercial auto liability									
21. Auto physical damage	2,221	70	2,291		1,291,457	214,344	1,505,801		
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft		44	44				5	5	
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability	X X X	9,916,156	1,971,627	7,944,529	X X X	185,026,159	63,137,382	129,833,306	2,133,515
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	419,492,222	48,171,376	428,363,814	39,299,784	43,685,344	194,367,281	112,808,158	164,544,251	18,455,878

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	12,465,093			12,465,093
1.2 Reinsurance assumed	(9,685,887)			(9,685,887)
1.3 Reinsurance ceded	3,094,809			3,094,809
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	(315,603)			(315,603)
2. Commission and brokerage:				
2.1 Direct, excluding contingent		(8,943,086)		(8,943,086)
2.2 Reinsurance assumed, excluding contingent		307,650		307,650
2.3 Reinsurance ceded, excluding contingent		(8,879,631)		(8,879,631)
2.4 Contingent-direct		58,267,013		58,267,013
2.5 Contingent-reinsurance assumed		959,796		959,796
2.6 Contingent-reinsurance ceded		59,226,804		59,226,804
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)		244,200		244,200
3. Allowances to manager and agents				
4. Advertising			27,810	27,810
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			4,195,059	4,195,059
8.2 Payroll taxes			214,133	214,133
9. Employee relations and welfare			502,188	502,188
10. Insurance			190,821	190,821
11. Directors' fees				
12. Travel and travel items			196,511	196,511
13. Rent and rent items			314,835	314,835
14. Equipment			240,784	240,784
15. Cost or depreciation of EDP equipment and software			2,531	2,531
16. Printing and stationery			547	547
17. Postage, telephone and telegraph, exchange and express			218,091	218,091
18. Legal and auditing			179,524	179,524
19. Totals (Lines 3 to 18)			6,282,834	6,282,834
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	315,536	(24)	33,384	348,896
25. Total expenses incurred	(67)	244,176	6,316,218	(a) 6,560,327
26. Less unpaid expenses-current year	18,455,878			18,455,878
27. Add unpaid expenses-prior year	7,330,000			7,330,000
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)	(11,125,945)	244,176	6,316,218	(4,565,551)

DETAILS OF WRITE-INS				
2401. Other expenses	315,536	(24)	33,384	348,896
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	315,536	(24)	33,384	348,896

(a) Includes management fees of \$ 342,051 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) 7,409,900	8,120,232
1.1 Bonds exempt from U.S. tax	(a) 5,845,758	6,209,332
1.2 Other bonds (unaffiliated)	(a) 26,166,620	26,210,535
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 1,167,012	1,152,989
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	292,620	292,620
10. Total gross investment income	40,881,910	41,985,708
11. Investment expenses		(g) 6,316,218
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)		6,316,218
17. Net investment income (Line 10 minus Line 16)		35,669,490
DETAILS OF WRITE-INS		
0901. Miscellaneous Income / (Expense)	292,620	292,620
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)	292,620	292,620
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 \$ 514,464 accrual of discount less \$ 2,267,159 amortization of premium and less \$ 1,224,245 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 \$ 514,339 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.
- (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				
1.1 Bonds exempt from U.S. tax	453,829			453,829
1.2 Other bonds (unaffiliated)	2,268,938	(270,568)		1,998,370
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)	12,894	(16,968)		(4,074)
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments	(2,900)			(2,900)
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	2,732,761	(287,536)		2,445,225

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	6,789,429	7,741,695	952,266
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	6,789,429	7,741,695	952,266
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	6,789,429	7,741,695	952,266

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

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the Indiana Department of Insurance, the accompanying financial statements of LM Property and Casualty Insurance Co. (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.
4. The Company does not own preferred stocks.
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 has no subsidiary investments.
8. The Company has no investments in joint ventures, partnerships, and limited liability companies.
9. Derivative instruments, refer to Note 8.
10. Refer to Note 30.
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

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

The Company does not hold any mortgage loans as investments.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

E. Repurchase Agreements

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

F. Real Estate

The Company does not own real estate.

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

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

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2005.

Note 8- Derivative Instruments

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

Note 9 - Income Taxes

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

	December 31, 2005	December 31, 2004	Change
Total of gross deferred tax assets	16,738,000	18,193,196	1,455,196)
Total of deferred tax liabilities	(3,848,000)	(918,196)	2,929,804)
Net deferred tax asset	12,890,000	17,275,000	4,385,000)
Net deferred tax asset non-admitted	(6,789,429)	(7,741,695)	952,266
Net admitted deferred tax asset	6,100,571	9,533,305	3,432,734)

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

NOTES TO FINANCIAL STATEMENTS

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

	2005	2004
Federal tax on operations	12,563,816	(50,762)
Net operating loss benefit	(9,227,400)	(9,227,400)
Foreign tax on operations	0	0
Income tax incurred on operations	3,336,416	(9,278,162)
Tax on capital gains	956,467	8,981,285
Total income tax incurred	4,292,883	(296,877)

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss, and LAE reserves, non-deductible legal accruals and net operating loss carryforwards.

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

	2005
Change in net deferred income tax (without unrealized gain or loss)	(4,480,952)
Tax effect of unrealized (gains) losses	95,952
Total change in net deferred income tax	(4,385,000)

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, excludible dividend income, revisions to prior year estimates, and changes in deferred taxes.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$881,000 from the current year and none from the preceding year.

As of December 31, 2003, the Company has a net loss carryforward available of \$3,628,208 originating in 2001 and expiring in 2021.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Insurance Company (the "Parent Company"), a Massachusetts insurance company. Liberty Mutual Insurance Company is wholly owned by Liberty Mutual Holding Company Inc., a Massachusetts company. Prior to November 1, 2003, the Company was a wholly owned subsidiary of PRUCO, Inc. (New Jersey non-insurer whose ultimate parent was Prudential Financial Inc., a New Jersey non-insurer).
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.
- C. There have been no material transactions with the company's affiliates during 2005.
- D. At December 31, 2005 the Company reported \$12,284,043 due to affiliates. In general, the terms of the intercompany arrangement require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 26 for information regarding intercompany pooling arrange

There is a "Service Agreement" between the Company and the Parent Company, under which the Parent Company provides the Company with services of personnel employed by the Parent Company, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate. The Company has an investment services agreement with Parent Company.

There is a "Distribution Agreement" between the Company and Helmsman Insurance Agency, Inc., ("Helmsman") whereby Helmsman provides agent commission payments, accounting, office services and other services under the terms of the "Distribution Agreement".

- E. The Company is part of a holding company structure as illustrated in Schedule Y part 1.
- F. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- G. The Company does not own investments in subsidiary, controlled or affiliated companies.
- H. Not applicable

Note 11- Debt

- A. The Company has no capital notes.
- B. The Company has no outstanding borrowed money.

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

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

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

- 1. The Company has 800 shares authorized, issued, and outstanding as of December 31, 2005. All shares have a stated par value of \$5,500.
- 2. Preferred Stock
Not applicable
- 3. Dividend Restrictions
There are no dividend restrictions.

NOTES TO FINANCIAL STATEMENTS

4. The maximum amount of dividends that can be paid by Indiana domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner, is the greater of (a) 10% of policyholder surplus, or (b) net income, not including realized capital gains. The maximum dividend payout that may be made without prior approval during 2006 is \$70,136,946.
5. The Company does not have restricted unassigned surplus.
6. The Company had no advances to surplus.
7. The Company does not hold stock for special purposes.
8. The Company does not hold special surplus funds.
9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is (\$172,676).
10. Surplus Notes
Not applicable
11. Quasi re-organization (dollar impact)
Not applicable
12. Quasi re-organization (effective date)
Not applicable

Note 14- Contingencies

A. Contingent Commitments

The Company has no commitments or contingent commitments to affiliates or other entities as indicated in Note 10 E, the Company has made no guarantees on behalf of affiliates.

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.

As a result of an inter-company 100% Quota Share Reinsurance Agreement (see Note 26), all guaranty fund and other assessments liabilities are ceded to Liberty Mutual Insurance Company.

C. Gain Contingencies

Not applicable

D. All other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

Note 15- Leases

A. The Company is not involved in material lease obligations.

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

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

NOTES TO FINANCIAL STATEMENTS

B. Transfers and servicing of financial assets:

The Company participates in Securities lending program to generate additional income, whereby certain fixed income securities are loaned for a short period of time from the Company's portfolio to qualifying third parties, via a lending agent. Borrowers of these securities provide collateral equal to or in excess of, 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 100% of the market value of the loaned securities. Under the terms of the securities lending program, the lending agent indemnifies the Company against borrower defaults. The loaned securities remain a recorded asset of the Company, however, the Company records a liability for the amount of collateral held, representing its obligation to return the collateral related to the loaned securities. At December 31, 2005, the total market value of fixed maturities loaned was \$137,499,862, with corresponding collateral value at \$140,362,358.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 – September 11 Events

As a result of the inter-company reinsurance agreement with Liberty Mutual Insurance Company, refer to Note 26, the Company has no exposure to losses arising from the September 11, 2001 World Trade Center disaster.

Note 21- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of \$5,117,147 and \$6,602,761 as of December 31, 2005 and 2004 respectively, were on deposit with government authorities or trustees as required by law.

D. As a result of the inter-company 100% Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company (see Note 26), the Company has no exposure to uncollectible premium receivable balances.

E. Business Interruption Insurance Recoveries

The Company does not purchase Business Interruption coverage.

F. Additional Pension and Postretirement Disclosure Requirements

Refer to Note 12.

Note 22- Events Subsequent

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

NOTES TO FINANCIAL STATEMENTS**Note 23- Reinsurance**

- A. Excluding amounts arising pursuant to the inter-company 100% Quota Share Reinsurance Agreement, as described in Note 26, the unsecured reinsurance recoverables with an individual reinsurer that exceed 3% of policyholders surplus are listed below.

<u>Reinsurer</u>	<u>Naic No.</u>	<u>Federal ID No.</u>	<u>Recoverable Amount</u>
New Jersey Unsatisfied Claim and Judgment Fund		AA-9991160	\$182,892,204
Michigan Catastrophic Claims Association		AA-9991159	78,838,405
Vantage Casualty Insurance Company	11821	06-1709211	46,893,002
General Reinsurance Corporation	22039	13-2673100	41,300,000

- B. There are no reinsurance recoverables in dispute from an individual reinsurer that 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 reinsurers 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	\$975	\$10,574	\$761,847	\$8,263,273	(\$760,872)	(\$8,252,699)
All Other	443,934	87,423	8,893	0	\$435,041	87,423
Total	\$444,909	\$97,997	\$770,740	\$8,263,273	(\$325,831)	(\$8,165,276)

Direct Unearned Premium Reserve: \$325,831

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	\$46,079,399	\$0	(\$46,079,399)	\$0
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	0	0	0
Totals	\$46,079,399	\$0	(\$46,079,399)	\$0

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 commuted ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of the commutations was an increase in the losses and loss adjustment expenses of \$1,140 and an increase to other income of \$2,203. These amounts are shown below by Income Statement classification and by reinsurer.

Income Statement Classification	Amount
Losses Incurred	\$1,140
Loss Adjustment Expenses Incurred	0
Premiums Earned	0
Other	2,203
Total	(\$1,063)
Reinsurer	Amount
Republic Western, 86-0274508	\$1,140
Providence Washington	(2,203)
Total	(\$1,063)

- F. The Company has no retroactive reinsurance.
- G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not have net accrued retrospective premiums.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

- A. As a result of the inter-company 100% Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company (see Note 26), the Company has no exposure to changes in incurred losses and loss adjustment expenses.

Note 26- Intercompany Pooling Arrangements

The Company participates in a 100% Quota Share Reinsurance Agreement with an affiliate, Liberty Mutual Insurance Company (LMIC). Pursuant to the Agreement, after external reinsurance, the Company cedes its net underwriting activity to LMIC.

NOTES TO FINANCIAL STATEMENTS

Note 27- Structured Settlements

- A. As a result of the inter-company 100% Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company (see Note 26), the Company has no exposure to contingent liabilities from the purchase of annuities.
- B. Not applicable

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

As a result of the inter-company 100% Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company (see Note 26), the Company has no exposure to liabilities related to premium deficiency reserves.

Note 31- High Dollar Deductible Policies

As a result of the inter-company 100% Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company (see Note 26), the Company does not have any high dollar deductible policies.

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

Not applicable

Note 33 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from two main exposures 1) the assumption of certain liabilities and obligations of Prudential-LMI Commercial Insurance Company (Prudential-LMI), effective December 31, 1986 and 2) the assumption of reserves from Everest Reinsurance Holdings, Inc. (Everest Re), related to Prudential Financials' sale of Gibraltar Casualty Company to Everest Re.

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 claims and claim 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 or completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

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.

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities, 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.

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 be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

NOTES TO FINANCIAL STATEMENTS

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2005, 2004, 2002, 2001, and 2000:

Asbestos:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct Basis					
Beginning Reserves	-	-	-	-	-
Incurred losses and LAE	-	-	-	-	-
Calendar year payments	-	-	-	-	-
Ending Reserves	-	-	-	-	-

Assumed Reinsurance Basis

Beginning Reserves	6,059,016	11,419,932	174,514,566	175,311,805	175,165,320
Incurred losses and LAE	6,032,767	4,902,489	1,681,681	-	2,400,000
Calendar year payments	671,852	1,807,854	884,443	146,485	1,221,486
Ending Reserves	11,419,932	14,514,566	175,311,805	175,165,320	176,343,834

Net of Ceded Reinsurance Basis

Beginning Reserves	6,059,016	11,419,932	116,641,075	117,516,732	117,370,247
Incurred losses and LAE	6,032,767	1,268,797	1,693,636	-	-
Calendar year payments	671,852	1,647,654	817,978	146,485	1,163,694
Ending Reserves	11,419,932	11,041,075	117,516,732	117,370,247	116,206,553

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis					-
Assumed Reinsurance Basis					172,409,059
Net of Ceded Reinsurance Basis					113,028,742
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					-
Assumed Reinsurance Basis					853,406
Net of Ceded Reinsurance Basis					853,406

Environmental:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct Basis					
Beginning Reserves	-	-	-	-	-
Incurred losses and LAE	-	-	-	-	-
Calendar year payments	-	-	-	-	-
Ending Reserves	-	-	-	-	-

Assumed Reinsurance Basis

Beginning Reserves	14,137,705	11,419,932	14,514,566	15,311,805	15,165,320
Incurred losses and LAE	(2,045,921)	4,902,489	1,681,681	-	-
Calendar year payments	671,852	1,807,854	884,443	146,485	1,221,486
Ending Reserves	11,419,932	14,514,566	15,311,805	15,165,320	13,943,834

Net of Ceded Reinsurance Basis

Beginning Reserves	\$14,137,705	11,419,932	11,041,075	11,916,732	11,770,247
Incurred losses and LAE	(2,045,921)	1,268,797	1,693,636	-	-
Calendar year payments	671,852	1,647,654	817,978	146,485	1,163,694
Ending Reserves	11,419,932	11,041,075	11,916,732	11,770,247	10,606,553

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis					-
Assumed Reinsurance Basis					10,009,058
Net of Ceded Reinsurance Basis					7,428,742
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					-
Assumed Reinsurance Basis					853,406
Net of Ceded Reinsurance Basis					853,406

NOTES TO FINANCIAL STATEMENTS

Note: Effective in 2003, as part of the series of transactions related to the sale of the company to Liberty Mutual Group Inc., the Company terminated its keep well agreement under which Prudential Financial, Inc. would reimburse asbestos losses and for which the Company had a permitted practice allowing gross asbestos reserves to be reported net of the keep well agreement. In its place, the Company executed a reinsurance agreement with Vantage Casualty Insurance Company ("Vantage", a wholly owned subsidiary of the Prudential) whereby any increase in asbestos and pollution reserves are reinsured by Vantage. Vantage's obligations are fully guaranteed by Prudential Financial Inc. Accordingly, the gross and net asbestos reserves have been adjusted in 2003.

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	163,668,463	16.979	163,668,463	16.979
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	69,013,934	7.160	69,013,934	7.160
1.22 Issued by U.S. government sponsored agencies	25,829,421	2.680	25,829,421	2.680
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	6,982,693	0.724	6,982,693	0.724
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	4,986,807	0.517	4,986,807	0.517
1.43 Revenue and assessment obligations	135,188,014	14.025	135,188,014	14.025
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	14,353,969	1.489	14,353,969	1.489
1.512 Issued or guaranteed by FNMA and FHLMC	159,880,983	16.586	159,880,983	16.586
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	64,870,936	6.730	64,870,936	6.730
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other	46,919,939	4.868	46,919,939	4.868
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	204,743,803	21.241	204,743,803	21.241
2.2 Unaffiliated foreign securities	6,550,708	0.680	6,550,708	0.680
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated	2,492		2,492	
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	421,170	0.044	421,170	0.044
8. Cash, cash equivalents and short-term investments	60,514,090	6.278	60,514,090	6.278
9. Other invested assets				
10. Total invested assets	963,927,422	100.000	963,927,422	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? Indiana
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
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. 12/31/2005
- 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. 12/31/2000
- 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). 07/31/2002
- 3.4 By what department or departments? Indiana Department 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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

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

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Roy K. Morell
175 Berkeley Street, Boston, MA 02116
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 ~~fiduciary~~ duties of such person?

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 [] No [X]
 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 [X] No []

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

21.21	Loaned to others	\$	137,499,862
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?

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

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

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

25.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	953,335,386	944,736,783	8,598,604
26.2 Preferred stocks		15	15
26.3 Totals	953,335,386	944,736,798	8,598,619

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 [X] No []

27.2 If no, list exceptions:

.....

.....

OTHER

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? YES [] NO [X]
 1.2 If yes, indicate premium earned on U. S. business only. \$ _____
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
 1.31 Reason for excluding _____

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ _____

1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$ _____
 1.62 Total incurred claims \$ _____
 1.63 Number of covered lives \$ _____
 All years prior to most current three years:
 1.64 Total premium earned \$ _____
 1.65 Total incurred claims \$ _____
 1.66 Number of covered lives \$ _____

1.7 Group policies:
 Most current three years:
 1.71 Total premium earned \$ _____
 1.72 Total incurred claims \$ _____
 1.73 Number of covered lives \$ _____
 All years prior to most current three years:
 1.74 Total premium earned \$ _____
 1.75 Total incurred claims \$ _____
 1.76 Number of covered lives \$ _____

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ _____	\$ _____
2.2 Premium Denominator	\$ _____	\$ _____
2.3 Premium Ratio (2.1/2.2)	_____	_____
2.4 Reserve Numerator	\$ _____	\$ _____
2.5 Reserve Denominator	\$ _____	\$ _____
2.6 Reserve Ratio (2.4/2.5)	_____	_____

3.1 Does the reporting entity issue both participating and non-participating policies? YES [] NO [X]
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies \$ _____
 3.22 Non-participating policies \$ _____

4. For Mutual Reporting Entities and Reciprocal Exchange only:
 4.1 Does the reporting entity issue assessable policies? YES [] NO [X]
 4.2 Does the reporting entity issue non-assessable policies? YES [] NO [X]
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? _____ %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ _____

For Reciprocal Exchanges Only:
 5.1 Does the exchange appoint local agents? YES [] NO [X]
 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation YES [] NO [] N/A [X]
 5.22 As a direct expense of the exchange YES [] NO [] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? _____
 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? YES [] NO [X]
 5.5 If yes, give full information _____

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: The Company has a 100% Quota share agreement with Liberty Mutual Insurance Company.
- 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 v 7.0 from AIR. For WC, Liberty Mutual utilizes Risk Link 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? The Company has a 100% Quota share agreement with Liberty Mutual Insurance Company.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES NO
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES NO
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? YES NO
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? YES NO
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - (c) Aggregate stop loss reinsurance coverage;
 - (d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.
- YES NO
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 - (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.
- YES NO
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General 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 | \$ _____ |
| 12.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ _____ |
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ _____
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES [] NO [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | |
|-------|------|---------|
| 12.41 | From | _____ % |
| 12.42 | To | _____ % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES [] NO [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | |
|-------|----------------------------|----------|
| 12.61 | Letters of Credit | \$ _____ |
| 12.62 | Collateral and other funds | \$ _____ |
- 13.1 What amount of installment notes is owned and now held by the reporting entity? \$ _____
- 13.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? YES [] NO [X]
- 13.3 If yes, what amount? \$ _____
- 14.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____
- 14.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES [X] 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 [X] NO []
- 15.2 If yes, please describe the method of allocating and recording reinsurance among the cedants: Premiums and recoverables were allocated pursuant to separate intercompany pooling agreements.
- 15.3 If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts? YES [] NO [X]
- 15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements? YES [X] NO []
- 15.5 If the answer to 15.4 is no, please explain: _____
- 16.1 Has the reporting entity guaranteed any financed premium accounts? YES [] NO [X]
- 16.2 If yes, give full information _____
- 17.1 Does the reporting entity write any warranty business? YES [] NO [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage: _____

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5. 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)	(2,511,649)	188,963,416	522,024,193	556,105,461	509,861,456
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(725,708)	126,014,583	368,316,786	386,449,600	356,308,454
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	33,794	46,568,341	409,190,795	389,411,552	365,358,287
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					48,646
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	7,213		6,239	2,084	
6. Total (Line 34)	(3,196,350)	361,546,340	1,299,538,013	1,331,968,697	1,231,576,843
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)			329,807,563	553,584,107	506,669,626
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)			223,401,689	377,164,128	347,032,051
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1		111,215,660	367,950,939	346,210,958
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					48,646
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	568		303,945	4,808	
12. Total (Line 34)	569		664,728,857	1,298,703,982	1,199,961,281
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(5,033,388)	(2,979,326)	(31,407,062)	(221,644,691)	(132,460,056)
14. Net investment gain (loss) (Line 11)	37,445,785	69,742,391	149,024,820	31,000,090	96,500,696
15. Total other income (Line 15)	(16,511)	(2,613)	(55,122,332)	4,450,830	(6,539,031)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	3,336,416	(5,546,877)	(57,418,103)	(53,739,598)	(39,096,735)
18. Net income (Line 20)	29,059,470	72,307,329	119,913,529	(132,454,173)	(3,401,656)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	996,278,146	909,975,215	2,195,625,126	2,007,441,955	1,948,865,345
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	279,466	97,105		7,216,304	7,091,296
20.2 Deferred and not yet due (Line 13.2)				91,297,538	92,202,529
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	294,908,687	234,714,973	1,600,399,383	1,488,895,888	1,221,374,884
22. Losses (Page 3, Lines 1 and 2)	168,619,674	169,171,329	230,073,144	616,600,596	412,491,542
23. Loss adjustment expenses (Page 3, Line 3)	18,455,878	7,330,000	7,700,494	102,866,926	85,599,840
24. Unearned premiums (Page 3, Line 9)				406,404,608	382,427,117
25. Capital paid up (Page 3, Lines 28 & 29)	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
26. Surplus as regards policyholders (Page 3, Line 35)	701,369,459	675,260,242	595,225,743	518,546,067	727,490,461
Risk-Based Capital Analysis					
27. Total adjusted capital	701,369,459	675,260,242	595,225,743	518,546,067	727,490,461
28. Authorized control level risk-based capital	29,734,176	29,311,145	91,614,964	147,717,530	170,627,008
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)	93.7	88.7	85.1	80.6	79.5
30. Stocks (Lines 2.1 & 2.2)				10.1	14.5
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)				0.8	0.8
33. Cash, cash equivalents and short-term investments (Line 5)	6.3	10.9	14.6	8.3	5.1
34. Contract loans (Line 6)				XXX	XXX
35. Other invested assets (Line 7)		0.4	0.2	0.2	
36. Receivables for securities (Line 8)			0.1		
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)				127,532,713	193,444,540
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				127,532,713	193,444,540
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)				24.6	26.6

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)	(191,585)	49,552	(5,398,632)	(11,114,184)	(1,201,331)
48. Dividends to stockholders (Line 35)					(69,588,615)
49. Change in surplus as regards policyholders for the year (Line 38)	31,359,217	80,034,499	76,679,677	(208,944,394)	(353,287,307)
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)	147,343,269	303,670,229	421,793,223	420,597,881	349,834,425
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,800,312	97,113,638	208,644,498	238,758,949	240,367,559
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	36,133,780	179,064,302	236,421,089	258,059,053	244,094,320
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	3,205,433	6,695,668	(24,612,840)	(74,794,689)	1,222,205
55. Total (Line 34)	190,482,794	586,543,837	842,245,970	842,621,194	835,518,509
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)	1,085,170	3,355,927	731,678,167	369,346,743	340,421,623
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(190,687)	(3)	150,983,251	204,491,772	235,006,458
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,886,081	22,557,059	266,652,781	250,281,438	244,065,054
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	2,909,234	6,695,668	(25,650,885)	(75,195,191)	1,222,205
61. Total (Line 34)	6,689,798	32,608,651	1,123,663,314	748,924,762	820,715,340
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)	844,770.0		66.5	75.2	65.6
64. Loss expenses incurred (Line 3)	(11.8)		11.1	12.6	11.0
65. Other underwriting expenses incurred (Line 4)	43,064.6		25.3	29.6	34.8
66. Net underwriting gain (loss) (Line 8)	(887,722.8)		(2.9)	(17.4)	(11.3)
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)	45,814.9		49.1	28.8	34.5
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	844,758.2		77.6	87.7	76.5
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)			111.7	250.5	164.9
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)	4,476	(5,816)	(121)	35,102	(33,152)
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)	0.7	(1.0)		4.8	(3.1)
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)	(1,492)	(2,178)	11,622	(17,288)	(55,261)
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)	(0.3)	(0.4)	1.6	(1.6)	(5.2)

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	247,690,578	243,521,782	249,300,754	242,129,777
	2. Canada				
	3. Other Countries				
	4. Totals	247,690,578	243,521,782	249,300,754	242,129,777
States, Territories and Possessions (Direct and guaranteed)	5. United States	25,047,575	25,090,150	25,047,590	25,105,000
	6. Canada				
	7. Other Countries				
8. Totals	25,047,575	25,090,150	25,047,590	25,105,000	
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	43,103,678	43,844,296	43,738,956	43,080,000
	10. Canada				
	11. Other Countries				
12. Totals	43,103,678	43,844,296	43,738,956	43,080,000	
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	337,906,168	337,700,208	337,481,532	339,071,707
	14. Canada				
	15. Other Countries				
16. Totals	337,906,168	337,700,208	337,481,532	339,071,707	
Public Utilities (unaffiliated)	17. United States	31,320,760	30,837,800	31,294,270	31,500,000
	18. Canada				
	19. Other Countries				
20. Totals	31,320,760	30,837,800	31,294,270	31,500,000	
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	212,436,532	208,260,332	214,855,285	206,255,000
	22. Canada				
	23. Other Countries	5,484,380	5,136,500	5,509,375	5,000,000
24. Totals	217,920,912	213,396,832	220,364,660	211,255,000	
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	902,989,671	894,391,068	907,227,762	892,141,484
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
34. Totals					
Industrial and Miscellaneous (unaffiliated)	35. United States		15		
	36. Canada				
	37. Other Countries				
38. Totals		15			
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks		15		
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
48. Totals					
Industrial and Miscellaneous (unaffiliated)	49. United States	2,492	2,492		
	50. Canada				
	51. Other Countries				
52. Totals	2,492	2,492			
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	2,492	2,492		
	55. Total Stocks	2,492	2,507		
	56. Total Bonds and Stocks	902,992,163	894,393,575	907,227,762	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	766,796,819	7. Amortization of premium	2,267,231
2. Cost of bonds and stocks acquired, Column 7, Part 3	302,030,470	8. Foreign Exchange Adjustment:	
3. Accrual of discount	514,564	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1	(271,120)	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	(3,999)	9. Book/adjusted carrying value at end of current period	902,992,163
4.4 Column 11 - 13, Part 4	(12,418)	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	2,735,661	11. Subtotal (Lines 9 plus 10)	902,992,163
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	166,530,583	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	902,992,163

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	12,662	8,005	1,047	1,306	(1)	721		3,676	X X X
2. 1996	1,367,830	1,365,294	2,536	907,892	907,707	26,943	26,940	122,855	122,897		146	X X X
3. 1997	1,230,625	1,230,031	594	709,491	709,293	19,876	19,876	108,784	108,881		101	X X X
4. 1998	1,099,346	1,099,305	41	659,199	659,193	21,232	21,226	116,041	116,108		(55)	X X X
5. 1999	1,031,254	1,031,219	35	620,954	620,880	19,456	19,441	114,418	114,453		54	X X X
6. 2000	1,080,428	1,080,392	36	713,051	712,767	22,127	22,067	124,205	124,285		264	X X X
7. 2001	1,204,352	1,200,732	3,620	871,804	866,870	25,088	24,604	125,543	125,960		5,001	X X X
8. 2002	1,308,335	1,304,294	4,041	899,358	882,708	21,759	20,633	103,312	104,401		16,687	X X X
9. 2003	1,309,881	1,305,637	4,244	753,222	722,907	13,310	12,904	28,806	31,306		28,221	X X X
10. 2004	729,052	729,052		338,149	338,211	9,762	9,760	4,756	7,148		(2,452)	X X X
11. 2005	28,976	28,976		15,511	15,511	530	530	(1,576)	1,960		(3,536)	X X X
12. Totals	X X X	X X X	X X X	6,501,293	6,444,052	181,130	179,287	847,143	858,120		48,107	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	303,660	265,577	180,799	64,112			4	253	9,580	1,344		162,757	X X X
2. 1996	831	1,000					(14)	(14)	41	32		(160)	X X X
3. 1997	3,554	3,438							107	50		173	X X X
4. 1998	1,892	1,765							57	53		131	X X X
5. 1999	14,837	14,772							605	227		443	X X X
6. 2000	6,404	6,381							337	303		57	X X X
7. 2001	13,588	13,286	1,253				2,274	2,274	2,683	1,101		3,137	X X X
8. 2002	28,413	28,110	5,172	2,614			5,500	5,500	5,718	2,511		6,068	X X X
9. 2003	51,360	51,066	9,628	4,877	17	17	13,611	13,611	9,981	4,782		10,244	X X X
10. 2004	40,374	40,219	40,350	40,355	13	13	22,701	22,701	5,721	5,721		150	X X X
11. 2005	2,748	2,748	849	849			6,410	6,410	20,862	20,862			X X X
12. Totals	467,661	428,362	238,051	112,807	30	30	50,486	50,735	55,692	36,986		183,000	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	154,770	7,987
2. 1996	1,058,548	1,058,562	(14)	77,389	77,534	(0.552)				(169)	9
3. 1997	841,812	841,538	274	68,405	68,416	46.128				116	57
4. 1998	798,421	798,345	76	72,627	72,623	185.366				127	4
5. 1999	770,270	769,773	497	74,693	74,647	1,420.000				65	378
6. 2000	866,124	865,803	321	80,165	80,138	891.667				23	34
7. 2001	1,042,233	1,034,095	8,138	86,539	86,122	224.807				1,555	1,582
8. 2002	1,069,232	1,046,477	22,755	81,725	80,233	563.103				2,861	3,207
9. 2003	879,935	841,470	38,465	67,177	64,449	906.338				5,045	5,199
10. 2004	461,826	464,128	(2,302)	63,346	63,662					150	
11. 2005	45,334	48,870	(3,536)	156,454	168,657						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	164,543	18,457

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	80,868	79,260	82,693	82,662	80,770	85,979	88,061	89,681	84,741	90,000	5,259	319
2. 1996	226	383	155	169	169	170	171	178	405	19	(386)	(159)
3. 1997	X X X	125	39	41	41	42	43	53	169	314	145	261
4. 1998	X X X	X X X				1	3	8	81	139	58	131
5. 1999	X X X	X X X	X X X			2	300	151	(503)	154	657	3
6. 2000	X X X	X X X	X X X	X X X		10	1,010	685	1,420	367	(1,053)	(318)
7. 2001	X X X	X X X	X X X	X X X	X X X	215	7,099	7,285	7,634	6,973	(661)	(312)
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	20,459	18,984	21,021	20,637	(384)	1,653
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	38,836	35,077	35,766	689	(3,070)
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	(62)	90	152	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	X X X	X X X	X X X
12. Totals											4,476	(1,492)

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	8,545	13,587	17,713	21,928	24,983	(48,254)	(71,276)	(68,919)	(64,521)	X X X	X X X
2. 1996	69	154	155	169	169	170	171	178	178	188	X X X	X X X
3. 1997	X X X	34	39	41	41	42	43	53	60	198	X X X	X X X
4. 1998	X X X	X X X				1	3	8	10	12	X X X	X X X
5. 1999	X X X	X X X	X X X			2	4	75	148	89	X X X	X X X
6. 2000	X X X	X X X	X X X	X X X		10	50	252	321	344	X X X	X X X
7. 2001	X X X	X X X	X X X	X X X	X X X	185	3,533	4,707	5,427	5,418	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	7,546	15,548	17,627	17,776	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	9,114	28,749	30,721	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	(62)	(60)	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	X X X	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	23,955	19,578	20,096	18,543	15,857	19,429	97,205	136,901	125,908	116,438	
2. 1996	58	92									
3. 1997	X X X	36									
4. 1998	X X X	X X X							66		
5. 1999	X X X	X X X	X X X					275	81		
6. 2000	X X X	X X X	X X X	X X X				826	347		
7. 2001	X X X	X X X	X X X	X X X	X X X			3,856	2,100	1,484	1,253
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X		12,545	2,100	3,029	2,558
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	15,200	5,451	4,751
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	X X X		(5)
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	X X X	

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
		1. Alabama	AL						
2. Alaska	AK	YES		(1)		(135)			
3. Arizona	AZ	YES	(798,218)	5,097,601	4,119,540	(1,663,776)	4,888,693	22,041	
4. Arkansas	AR	YES	(375)	5,405	126,168	(233,574)	217,076		
5. California	CA	YES	256,512	782,274	11,956,767	(2,942,978)	22,310,349	24	
6. Colorado	CO	YES	(5,605)	14,149	3,186,348	438,685	1,276,669	3	
7. Connecticut	CT	YES	(18,590)	160,337	6,332,526	93,556	13,895,826	16	
8. Delaware	DE	YES	(4,118)	18,427	1,165,464	628,355	3,554,468	4	
9. Dist. Columbia	DC	YES	(129)	(97)	15,305	(9,164)	1,025,703		
10. Florida	FL	YES	(34,066)	426,973	19,629,876	(6,557,854)	16,910,928		
11. Georgia	GA	YES	23,161	206,816	2,163,263	(3,132,387)	3,885,861	6	
12. Hawaii	HI	YES				(759)	(2,527)		
13. Idaho	ID	YES	(1,897)	59,846	1,022,479	(296,162)	942,339	4	
14. Illinois	IL	YES	21,360	100,642	2,887,041	(2,022,929)	6,331,312	16	
15. Indiana	IN	YES	(9,148)	9,346	2,872,870	(1,248,313)	3,254,306		
16. Iowa	IA	YES	(1,603)	(43,660)	226,961	(435,423)	73,587		
17. Kansas	KS	YES	(2,186)	15,535	811,284	(398,376)	460,686	3	
18. Kentucky	KY	YES	(4,130)	47,224	1,739,490	(1,255,921)	1,113,481	20	
19. Louisiana	LA	YES	(7,477)	132,136	3,824,628	(1,653,563)	5,311,256	3	
20. Maine	ME	YES	(1,492)	17,342	565,724	(1,209,581)	1,288,059		
21. Maryland	MD	YES	(11,158)	77,947	1,206,022	(66,798)	2,424,830		
22. Massachusetts	MA	YES	(4,872)	14,339	541,656	(2,358)	1,052,073		
23. Michigan	MI	YES	(11,782)	76,278	4,645,877	12,633,691	74,047,552		
24. Minnesota	MN	YES	(11,687)	12,396	1,961,543	(76,992)	2,332,997		
25. Mississippi	MS	YES	(1,821)	6,893	173,470	(402,319)	493,974		
26. Missouri	MO	YES	(7,348)	5,888	689,707	(159,390)	596,788		
27. Montana	MT	YES		7,108	121,464	56,642	389,470		
28. Nebraska	NE	YES	214	11,069	705,741	(218,109)	316,681		
29. Nevada	NV	YES	(14,042)	43,707	2,446,028	(2,916,641)	2,725,276	4	
30. New Hampshire	NH	YES	(2,916)	7,398	261,858	(477,765)	185,830		
31. New Jersey	NJ	NO			5,612,889	1,926,298	194,243,910		
32. New Mexico	NM	YES	(2,151)	9,750	572,172	(600,923)	1,119,500		
33. New York	NY	YES	(176,716)	6,867,404	24,699,701	4,328,153	27,398,996	25,112	
34. No. Carolina	NC	YES	69,069	66,018	997,525	(1,088,241)	718,590		
35. No. Dakota	ND	YES	(217)	1,252	(19,697)	(39,235)	110,765		
36. Ohio	OH	YES	(10,704)	94,910	2,736,374	(1,756,423)	4,277,084		
37. Oklahoma	OK	YES	(4,217)	16,066	964,313	(588,896)	1,861,189	4	
38. Oregon	OR	YES	(2,382)	4,587	353,226	(573,497)	528,091		
39. Pennsylvania	PA	YES	(99,061)	1,852,143	20,306,033	4,774,139	47,939,437	3,817	
40. Rhode Island	RI	YES	(1,093)	36,538	355,570	(668,464)	2,056,778		
41. So. Carolina	SC	YES	(12,009)	79,698	313,610	(1,368,797)	591,008	8	
42. So. Dakota	SD	YES	(2,696)	558	59,279	305	363,643		
43. Tennessee	TN	YES	(1,274)	3,013	814,696	(225,842)	96,145	4	
44. Texas	TX	YES	(443)	14,283	3,497,462	(6,665,396)	1,772,353	6	
45. Utah	UT	YES	(2,326)	8,084	106,576	(805,836)	923,000		
46. Vermont	VT	YES		2,034	93,272	(268,545)	41,945		
47. Virginia	VA	YES	84,748	95,483	1,723,503	(612,972)	1,723,818		
48. Washington	WA	YES	(6,296)	25,593	896,889	(253,563)	1,290,534		
49. West Virginia	WV	YES	(2,009)	11,742	1,574,707	(1,175,369)	2,098,668	2	
50. Wisconsin	WI	YES	8,596	33,052	1,463,981	(23,495)	2,462,051		
51. Wyoming	WY	YES	(7,489)	(612)	215,023	139,698	149,152	4	
52. American Samoa	AS	NO							
53. Guam	GU	NO							
54. Puerto Rico	PR	NO							
55. U.S. Virgin Islands	VI	NO							
56. Canada	CN	NO							
57. Aggregate other alien	OT	XXX							
58. Totals	(a) 50		(824,524)	16,542,864	142,844,137	(19,632,766)	463,177,566	51,101	

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

Explanation of basis of allocation of premiums by states, etc.

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

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